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United States
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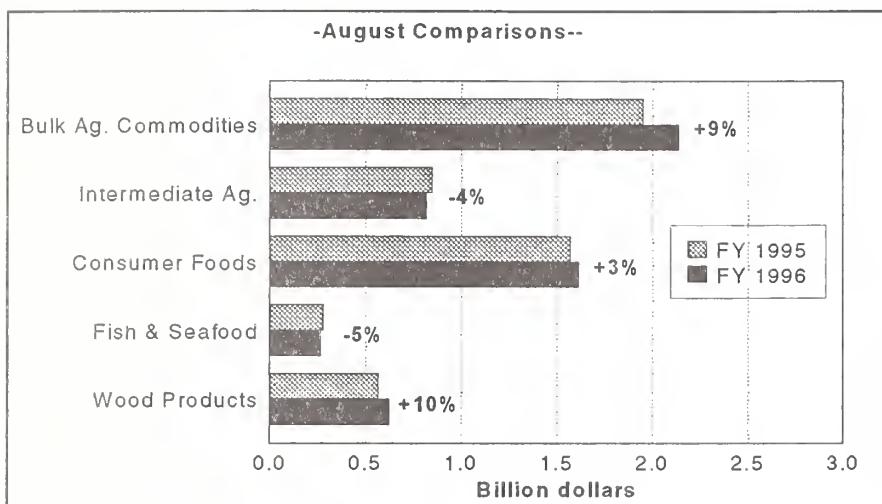
Foreign
Agricultural
Service

Circular Series

ATH 10 96
November 1996

Agricultural Trade Highlights

Exports Rise 5 Percent in August



August trade statistics released by the Commerce Department on October 18 placed the value of U.S. *agricultural, fish, and forest product* exports at \$5.5 billion, a 5-percent increase over August 1995. Agricultural exports totaled \$4.6 billion, up 4 percent over year-ago levels due in large part to stronger bulk commodity sales. Fish and forest product exports rose 5 percent to \$898 million.

August shipments brought agricultural, fish, and forest product exports to \$64.1 billion for the first 11 months of fiscal year 1996, 9 percent higher than the same period in fiscal year 1995. Supported mainly by rising bulk sales, agricultural exports were up 11 percent over the same period last year to a record \$55 billion. Fiscal year 1996 sales thus far have surpassed the previous year's 12-month record by \$900 million. USDA's export forecast for agricultural products in fiscal year 1996 continues unchanged at \$60 billion.

At \$2.1 billion in August, U.S. exports of *bulk agricultural commodities* rose 9 percent over the same month last year. Declines in coarse grains and cotton exports were more than offset by gains in

wheat and soybeans. The combined gain for wheat and soybean exports was \$375 million in August, about equal to the increase recorded for agriculture as a whole. Bulk commodity exports were up 22 percent during the first 11 months of fiscal year 1996 to \$27 billion. Relatively high prices and strong import demand from Asian Pac Rim countries, Mexico, and the European Union (EU-15) underpin the rising value of bulk exports.

U.S. exports of *intermediate agricultural products* totaled \$819 million in August, down 4 percent from August 1995. Export value for 5 of the 10 product groups fell, with soybean oil and wheat flour registering the largest declines. So far this year, intermediate product exports are down 5 percent to \$9.8 billion. The slower pace of soybean oil shipments, due to reduced demand from China, accounts for much of the decline.

U.S. exports of *high-value, consumer-oriented agricultural products* totaled \$1.6 billion in August, up 3 percent from the same month last year. The export gain would have been significantly greater if not for unusually slow red meat sales to Japan. Japanese consumption has fallen

in recent months due to consumer concerns for *E. coli*. During the first 11 months of fiscal year 1996, consumer food exports totaled \$18.2 billion, up 8 percent over the same period a year earlier. Consumer food exports are well positioned to establish a new record this year thanks to increased red meat, poultry meat, and tree nut sales.

At \$270 million in August, *edible fish and seafood* exports fell 5 percent from August 1995. All five major product groups recorded declines, with whole and eviscerated salmon registering the largest loss. U.S. fish and seafood exports finished the first 11 months of fiscal year 1996 at \$2.6 billion, down 6 percent from the previous year.

U.S. *forest product* exports totaled \$628 million in August, up 10 percent over last year. Log sales to Japan were up sharply. Exports during the first 11 months of fiscal year 1996 were down 5 percent to \$6.4 billion.

U.S. agricultural exports rose to 8 of the top 10 markets in August. Significant gains were recorded to Mexico, Russia, and Taiwan, but exports also were up to Canada, Egypt, Korea, Hong Kong, and Japan. Declines in agricultural exports were recorded to China and the EU-15.

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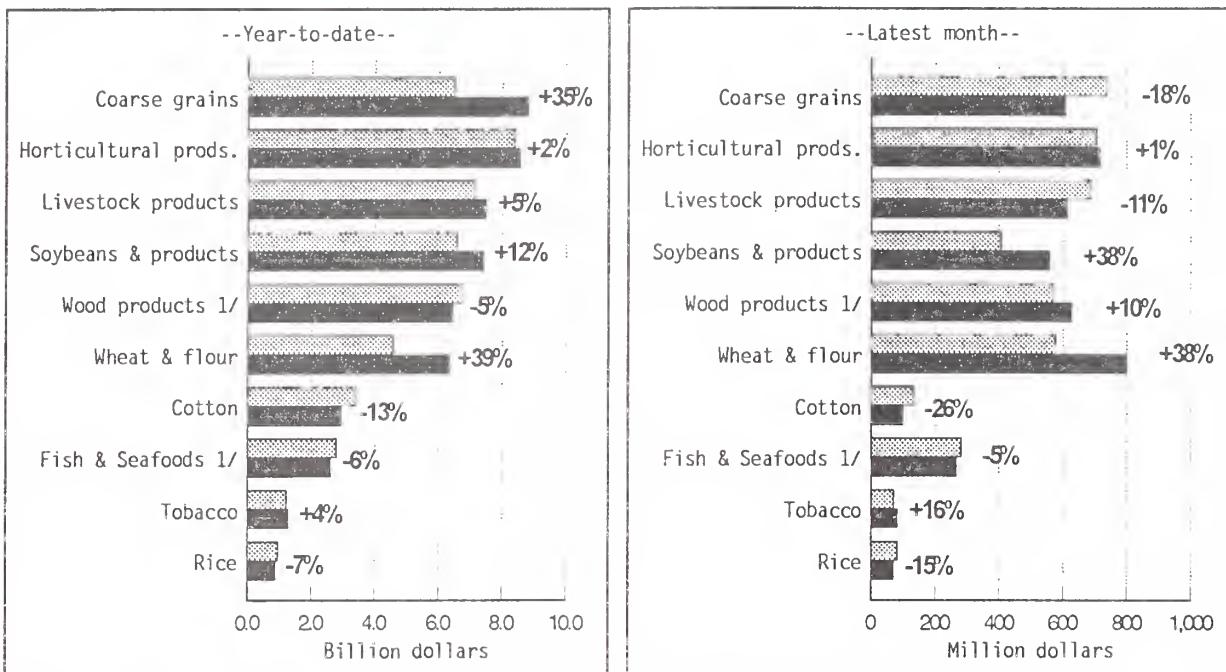
U.S. Agricultural, Fish and Wood Export Summaries

October-August and Latest Month Comparisons

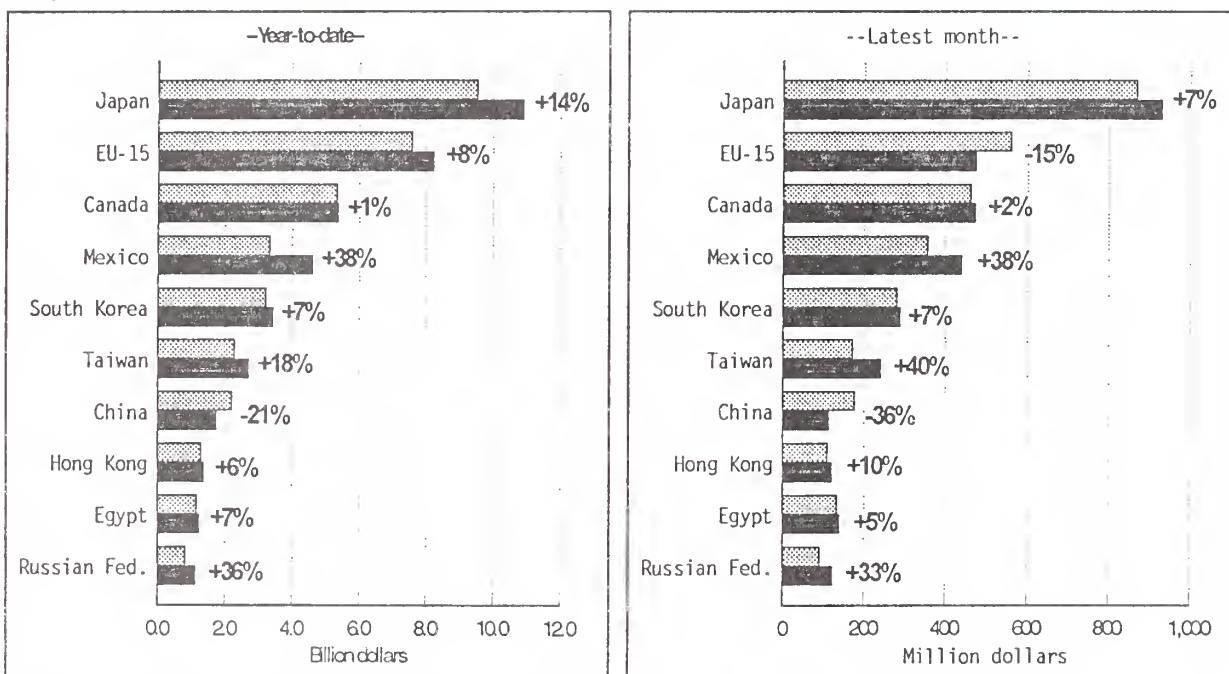
FY '95

FY '96

Product Summary



Top Ten Markets Summary



Note: Percentages are computed as the change from a year ago.

1/ Not included in agricultural totals.

Feature Story: World Food Summit

U.S. Secretary of Agriculture Dan Glickman led the U.S. delegation to the World Food Summit in Rome, Italy during November 13-17. Prior to his departure, he made the following comments regarding the American message to be delivered at the Summit.

U.S. Role in World Food Security

The United States is the leading supplier of food to the world and food and development aid to the hungry. Our country has always answered the call of those in need. We'll continue that legacy as part of this world effort to halve the ranks of our hungry and malnourished by 2015.

It's an ambitious, but realistic and necessary goal. The United States believes that hunger is an unacceptable human condition--whether it exists here in America or anywhere in the world.

In a time of lean budgets worldwide, I think you'll find, both in the U.S. position paper and in the Rome Declaration, a more concerted effort to attack chronic hunger and malnutrition at their roots. You'll also see more U.S. emphasis on involving the private sector in anti-hunger and development efforts.

Developing Nations Must Reform Their Policies

We'll also make it clear that the bulk of the food security burden lies with the leaders of the developing world. The U.S. and others have the food, the technical know-how, and the development assistance. But in most cases, the fundamental bottleneck is poor national policies--ones that aren't conducive to economic development, to private investment, to free markets--to the basic framework necessary to build a successful economy and a reasonably self-reliant nation.

So we'll send a strong message that the U.S. will help those nations that are ready to enact the reforms necessary to feed their people in the long-run.

U.S. Benefits From Food Security

The U.S. wants strong nations and strong economies in the developing world. Not only do we have an overriding moral obligation to help nations feed their people, but it's also good politics and good business. Strong economies in the developing world make strong markets.

Hunger in the Developing World

We also can't run from the fact that hunger remains a problem here at home. It's actually on the rise throughout the industrialized world. Every nation should commit to a safety net that includes basic nutrition for all its citizens. As the U.S. Secretary of Agriculture, I certainly have no higher priority.

Trade Enhances Food Security

As most of you know, trade was a big issue for the U.S. in the summit negotiations. We're very pleased that the final agreement recognizes that trade can and should be used to enhance world food security. This Administration has done more than any other to promote free and fair trade. Clearly it's in our best interest as the #1 food-exporting nation. But this summit gives us a unique opportunity to remind the world that free and fair trade is the right thing to do in a hungry world. Free trade promotes investment and development, and it helps spread supply and demand shocks more evenly around the world.

Sustainable/Biotech/Research

We'll also emphasize that today's progress can't come at the expense of tomorrow's food security. Every nation must commit to protecting the world's natural resources. Given our recent efforts with the Conservation Reserve Program, the United States is well-positioned to take a leadership role in helping countries develop practices and policies that promote sustainable development.

We'll also advocate expanded international research and information sharing, so farmers around the world have access to data on climate, on how to use the latest satellite and communications technology--on whatever they need to help us achieve global food security.

Finally, the American message includes a reality check on biotech. We need to accept these technologies that allow us to feed a growing world without devastating our natural resource base.

Conclusion

So we have a full plate of issues with one underlying message: The United States is more committed than ever to doing our part to achieve food security--in the long run--for all the nations of the world.

Trade Event: Pacific Rim Technical Assistance Conference

USDA played a pivotal role in funding and organizing a technical assistance conference and workshop entitled "Growing the Pacific Rim Food System: New Solutions in Refrigeration and Distribution" in Hong Kong during October 29-31. The conference was sponsored by the Pacific Economic Cooperation Council (PECC). It was held in conjunction with the Food Marketing Institute AsiaMart '96 Trade Show. Conference attendees included roughly 150 government, industry, and academic leaders from nearly twenty PECC member countries.

Conference Trade Background

USDA's Long-term Agricultural Trade Strategy (LATS) highlights the shift in trade toward consumer-oriented and high-value products and the rapid growth in the Asia/Pacific Rim markets. Most of the best markets for U.S. frozen foods identified in the LATS are members of the PECC. Yet lack of refrigeration poses a major constraint to the expansion of food systems and trade in the Asia Pacific region because of failings at ports, in transportation infrastructures, and throughout wholesale and retail distribution networks.

USDA funding for the conference was provided through the Department's Emerging Markets Program. This program was authorized in the Federal Agriculture Improvement and Reform Act of 1996. The 1996 Act authorizes \$10 million annually for 7 years for agricultural technical assistance to develop, maintain, or expand markets for U.S. agricultural exports. The Emerging Markets Program seeks to improve the effectiveness of food and rural business systems in emerging market-based economies, including potential reductions in trade barriers, and to increase prospects for U.S. trade and investment in these countries.

Relationship to Global Food Security

From a U.S. perspective, the policy thrust of the conference focused on the fusion of interest between U.S. export objectives and global food security demand. This approach aims to alleviate the market systems bottlenecks, which could constrain the natural competitive advantages available to American food exporters seeking access and leadership in the Pacific Rim markets. Global market systems infrastructure development assures the availability of a stable, secure supply of high quality frozen and chilled food products to meet both market and food security needs. The conference shared goals with the World Food Summit which occurred November 13-17 in Rome, Italy.

Conference Benefits

The PECC/FMI refrigeration conference and food trade show benefitted the U.S. trade agenda in several ways: providing immediate food marketing opportunities, achieving progress toward a regulatory consensus in sanitary and phytosanitary practices consistent with U.S. practices, and highlighting U.S. resource training and development capabilities.

A large part of the value of the conference lay in the informal discussions among conference participants that provided the groundwork for future collaboration. Included were potential follow-through activities involving the financial and managerial resources of multilateral and other development banks focused on market systems infrastructure development in the emerging markets of the Pacific Rim.

Conference Agenda

A sampling of the presentation topics offered at the conference follows:

--Pacific Rim Consumer Market Dynamics

--Building Consumer Demand

Discussion of changing dietary patterns generated by the growing wealth of the Pacific Rim population. Growth in demand for convenience foods and supermarket response to this expanding diversity in food products. An examination of marketing strategies.

--Meeting Consumer Demand

The challenges of meeting consumer demand for a wide variety of safe, high-quality food products requires technology and training. Business specialists in handling and managing refrigerated systems presented their views.

--USDA Workshop on Financing and Agri-food Sales

A discussion of new programs available to assist in high-value food sales, and how to finance the facilities necessary for a modern food system.

--Standards, Rules, and Inspections Overview

An explanation of sanitary and phytosanitary considerations and general information on rules for trade in certain markets in the Asia-Pacific Rim.

For additional information on topics discussed at the conference, please contact: Kathleen Waino (202) 720-3227

Country Profile: Hong Kong

Hong Kong is one of the most commercially vibrant trading centers in the world. Its natural resources are limited and, therefore, nearly all of its food and raw materials must be imported. Western influences have had a marked impact on Hong Kong's economic and cultural systems under British colonial rule. Government policies favor an open trading system with a minimum of market access barriers. Because of its unique geographic location and special business ties to mainland China, Hong Kong has established itself as a key supplier and re-exporter of U.S. high-value agricultural products to the booming markets of China. It is likely to become an even more important trading partner for the United States once the Territory reverts to China in 1997. U.S. agricultural exports to Hong Kong in 1996 are projected to exceed the record \$1.5 billion reached last year. Hong Kong is now the third-largest market for U.S. consumer-oriented agricultural products, following Canada and Japan.

Hong Kong is one of the world's economic success stories. Its robust economy is based on its role as an international trading, financial, and manufacturing center.

As a small and highly urbanized country, Hong Kong is almost completely dependent on agricultural imports to meet its food needs. Hong Kong's agricultural output is quite limited and is concentrated

in vegetables, swine, poultry, and eggs. Approximately 95 percent of all food and beverages consumed by Hong Kong's 6 million residents and 10 million annual visitors is imported.

Hong Kong's per capita gross domestic product reached \$23,000 in 1995, surpassing that of the United Kingdom, Canada, and Australia and was second only to Japan in Asia. Expenditures on

food account for 35 percent of all consumer purchasing activity. The most important food categories for Hong Kong consumers are fresh vegetables and fruit, fish, and pork. These items represent 42 percent of all food purchases.

With an increasing standard of living, a marked trend toward western food consumption habits, and a rapidly expanding re-export market driven by economic growth in China, future potential demand for a variety of U.S. high-value food and agricultural product exports is excellent.

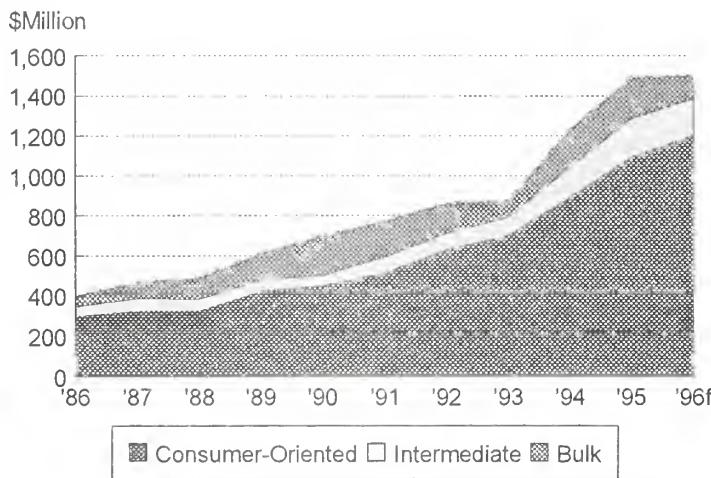
Market Overview

Hong Kong is now the seventh largest overseas market for American agricultural products. Close to 80 percent of U.S. agricultural exports to Hong Kong this year will be consumer-oriented products. Poultry meat tops the list of U.S. food exports, with chicken meat being the star performer. Other important high-value agricultural exports to Hong Kong include fresh and processed fruits and vegetables, beef, ginseng, eggs, dairy products, beer, and tree nuts. Cotton is the leading bulk agricultural product imported by Hong Kong from the United States, while hides and skins together with vegetable oil represent the bulk of intermediate agricultural sales.

While the Hong Kong food service market is characterized by a largely western-oriented hotel, restaurant, and institutional trade, the food retail sector focuses upon modern supermarkets that, slowly but surely, are replacing traditional Chinese "wet" markets and grocery stores.

The introduction and rapid growth in recent years of American style warehouse/club stores has markedly

U.S. Consumer-Oriented Agricultural Exports to Hong Kong Forecast at a Record \$1.2 Billion



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increased the level of competitiveness in the retail food industry. These discount stores do not charge the usual shelf space "slotting" fees demanded by most supermarkets, which enhances U.S. supplier access to Hong Kong's retail food industry.

Re-exporter of High-Value Foods

Hong Kong is one of the key gateways to China. Many processed food products imported into Hong Kong are re-exported to China. Based on official trade statistics and information provided by trade sources, this re-export trade is estimated to range from 10 percent to 60 percent for Hong Kong's agricultural product imports. The overall volume of Transshipments via Hong Kong is rising rapidly. Re-exports to China of high-value, consumer foods from all origins is believed to have reached \$1 billion in 1994, up from \$300-\$500 million in 1990.

Between \$400-\$500 million of U.S. agricultural exports to China are sold via Hong Kong. The majority consists of high-value products such as poultry parts, but also includes dried fruit and tree nuts, fresh fruit such as apples, table grapes, and citrus, and canned fruits and vegetables.

Hong Kong serves as a key entry point to China because of its strategic location next to the booming economic region of southern China and the Special Economic Zone (SEZ) of Shenzhen. Hong Kong and Guangdong Province traders have created a distribution channel via the SEZ. Imported products entering Shenzhen are assessed a duty rate equal to half the national tariff. Once entered into Shenzhen, products move easily into the rest of China. Because of Hong Kong's excellent port and handling facilities and a shortage of southern China deep water ports, the most economical shipping procedure often is to off-load

large ocean-going vessels in Hong Kong and to move imported products to China by smaller vessels or truck.

Also supporting this trade relationship is television advertising in Hong Kong that reaches the southern Chinese city of Guangzhou. The demand generated in southern China for these imported products is being met by an ongoing expansion of Hong Kong's major supermarket chains in China.

While some portion of Hong Kong's re-export trade represents the simple routing through Hong Kong, China's trade barriers stimulate additional, undocumented trade. Hong Kong intermediaries often purchase U.S. products for resale into China, circumventing China's phytosanitary, tariff, and licensing restrictions. Some traders use methods such as false invoicing to avoid high duties and to circumvent bans and quarantine restrictions.

Trade Impact of China's Takeover

China regains sovereignty over Hong Kong on July 1, 1997. Hong Kong Government officials and local traders anticipate that trading systems between Hong Kong and exporting countries will not change in 1997. Under the terms of the Sino-British Joint Declaration on the future of Hong Kong agreed to in 1984, Hong Kong will become a Special Administrative Region of China.

Hong Kong will retain its current status of a free port or trade zone. The Hong Kong dollar will continue to be used and will remain freely convertible in the international marketplace. Following reversion to China, Hong Kong will continue to be recognized internationally as a separate customs territory. Its status as a founding member of the World Trade Organization will be unimpaired, and it will participate independently in

international organizations and international trade agreements.

Hong Kong's free trade tariff structure and current phytosanitary requirements will remain in effect. Because of China's current high tariff and restrictive phytosanitary requirements, there is a significant volume of indirect, usually undocumented, trade of U.S. agricultural products. Hong Kong's role as a re-exporter of U.S. agricultural products is not expected to diminish following reversion to China.

U.S. Trade Relationship

Total U.S. agricultural exports to Hong Kong exceeded \$1 billion for the first time in 1994. Sales expansion continued last year with a 20-percent increase in U.S. exports to a record \$1.5 billion. Although the overall pace of exports has slowed in recent months, export sales of consumer-oriented agricultural products to Hong Kong in 1996 are forecast to increase \$100 million to a new high of \$1.2 billion.

The trend of increasing sales of U.S. farm products to Hong Kong is expected to continue over the next several years. With increasingly westernized consumption habits and a growing trade relationship with China, local supermarkets are showing new interest in U.S. grocery products, many of which are new to market.

Imported U.S. high-value, processed foods service both Hong Kong's expanding tourist industry and a large American expatriate community. At present, more than 40,000 Americans reside in Hong Kong, the second largest expatriate population after Filipinos. Awareness of the high quality and price competitiveness of American food products continues to grow among importers and consumers.

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U.S. Market Position

While China is a major re-export market for Hong Kong's imported agricultural products, it also is the largest supplier of agricultural products to Hong Kong. Approximately 22 percent of the total value of all imported foodstuffs are supplied by China. The United States currently enjoys a 21 percent market share.

China traditionally supplied Hong Kong most of its live pigs, chickens, and ducks, as well as eggs and Chinese-type vegetables. However, China's potential as a supplier is being complicated by distribution inefficiencies, spot food shortages, and increasing domestic demand.

Several countries are attempting to fill the void created by China's inability to service the Hong Kong market. In the last few years, New Zealand (beef, fruits and vegetables, dairy products, and seafood), Australia (beef, fruits and vegetables, wine, and dairy products), and more recently South Africa (oranges, fruit juice, and wine) have been actively promoting their agricultural products in the Hong Kong/Macau and southern China markets. South American suppliers are seeking a greater presence for their fruit, poultry, and red meat while other Asian suppliers including Thailand, Indonesia, the Philippines, and Vietnam are now targeting the Hong Kong market.

In the face of this increased competition, U.S. exporters need to be more aggressive in promoting their food products if they wish to increase market share. U.S. export sales to Hong Kong of high-quality meat and dairy products, in the past hindered by relatively high prices, are becoming more competitive. Local buyers are quick to take note of the quality of U.S. food products, continuity of supply, and price offering of U.S.

exporters. Where U.S. prices are higher than competitors, quality considerations increasingly outweigh price considerations, especially for items such as high-quality beef and value-added food products. American food products enjoy a quality reputation in Hong Kong, but as the market changes, trade servicing should play a larger role in exporter marketing strategies.

Retail Food Distribution

Although modern food retailing has grown rapidly in Hong Kong in recent years, the dominant component continues to be numerous wet markets (a concentration of independent vendors/kiosks within a common retail facility) and street hawkers. They still account for nearly 60 percent of all retail food sales. Wet market stalls usually are operated by the owner and perhaps one other person. Street hawkers tend to specialize in fresh fruits and vegetables while wet market sales tend to concentrate on these items plus fresh meat, fish, and table eggs. Street hawkers and wet market stall operators normally obtain their products from government-sponsored wholesale markets.

General retail outlets, including supermarkets, convenience stores, and warehouse stores, account for 40 percent of retail sales. Food product lines offered by these stores generally focus on frozen meat, processed fruits and vegetables, canned foods, bread products, snack foods, and confectionery products.

Major food retail chains in Hong Kong usually are corporate spinoffs of major land development companies. Because of this, they tend to be located on prime real estate in high-traffic locations. The two largest supermarket chains in Hong Kong, Wellcome and Park'n Shop, consist of 208 stores and 171 stores, respectively. Convenience stores in the Territory are

dominated by the 7-Eleven and Circle-K chains, which together have 410 outlets. This segment of Hong Kong's retail food distribution network is growing rapidly, and local industry sources believe that the total number of convenience stores may reach 1,000 in the near future.

In recent years, Hong Kong has witnessed the rapid growth of warehouse discount stores. Grandmart was the first to initiate operations in 1993 and now has eight outlets. During the past 2 to 3 years, several new players have been added to the warehouse network. These include Value Club, a joint venture of Wal-Mart and Charoen Pokphand Agro-Industry Co., A-Mart, and U-Save.

These discount food stores have heightened price competition among Hong Kong's food stores. They utilize only functional displays and minimal advertising in order to price their products below supermarkets. They are responsible for the introduction of a wide range of imported products. Grandmart's imported food products line is sourced primarily from the United States. Warehouse stores have been well received by Hong Kong's value-conscious consumers. Floor space for these outlets ranges from 5,000 to 20,000 square feet.

Gourmet and health food stores represent about 2 percent of all retail food sales. Products featured in such stores include wine, soft drinks, dairy products, dried seafood, nuts, and ginseng products. Oliver's Delicatessen, Hong Kong's main gourmet store, offers a wide variety of U.S. products, while ginseng supplied by the United States and other countries is the primary product offered by health food stores.

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Food Marketing Trends

In recent years, the Government has held the number of authorized wet markets constant at slightly more than 100 while, at the same time, encouraging street hawkers to move to public markets by limiting operating licenses. Wet markets and street hawkers have a long history in Hong Kong's food retailing industry and are expected to continue to play a significant role, particularly for fresh fruits and vegetables.

Food marketing trends in Hong Kong favor the continued development of supermarkets and convenience stores, which are increasingly popular among younger consumers and a growing middle class. The two dominant supermarket chains control about 70 percent of the grocery market. Because of the marketing strength of the supermarket and convenience store chains, many small, independent corner grocers are being driven out of business.

Gourmet food stores traditionally have targeted British expatriates as their principal customers. The British population, however, has been declining in anticipation of the return of the Territory to China in 1997. The gourmet retail segment now targets Americans, business tourists, and high-income Chinese consumers either born or educated in western countries.

Sales of health foods and drinks have risen sharply during the past 2 years in response to a heightened consumer sensitivity to health issues. Hong Kong's health food stores focus on ginseng, a product which has become very popular for its medicinal benefits. U.S.-produced ginseng is in high demand because it is considered milder than comparable product offered by other countries and, therefore, suitable for frequent consumption. The Ginseng USA chain

consists of 12 stores and claims to handle approximately 50 percent of all U.S. ginseng marketed in Hong Kong.

Restaurant Trade

The ever-changing scene of new restaurants, concepts, and fine cuisine has earned Hong Kong the reputation of being the culinary capital of Asia. An estimated 20 percent of household expenditures is spent on eating out, with most family gatherings held at restaurants rather than at home. With a per capita income of more than \$23,000, Hong Kong residents are able to demand higher quality foods and services. In addition to a resident population of 6.3 million people, expenditures at Hong Kong's upscale restaurants are supplemented by a large tourist industry. Approximately 10.2 million tourists visited Hong Kong last year.

Eating habits are rapidly evolving in Hong Kong, especially among the under-30 age group that is opting for western lifestyles and food tastes. Over the past decade, Hong Kong has witnessed an explosion in "casual" restaurants featuring American style food: e.g., McDonald's, Pizza Hut, Kentucky Fried Chicken, Wendy's, and Hardees. These restaurants have become a permanent feature of the Hong Kong market. Additionally, distinctly American-image restaurants such as Planet Hollywood, Hard-rock Cafe, and Shooters are becoming increasingly popular.

Import Duties and Regulations

Since Hong Kong is a free port, most agricultural imports are not subject to licenses, tariffs, or quotas. Alcohol and beverages are subject to duty assessment, and a license from the Customs and Excise Department is required to import wild ginseng root. Meat and poultry imports that are transshipped require a

transshipment certificate unless the product is sealed in a refrigerated container.

Imported foods entering Hong Kong must be accompanied by a health certificate issued by the country of origin. The health certificate should state that the product is fit for human consumption, is free of insect infestation, and does not contain any substance in an amount considered to be poisonous, harmful, or injurious to health. All U.S. meat, poultry, dairy, and frozen confectionary products entering Hong Kong must be accompanied by documents certifying USDA inspection and standards.

Labeling for packaged foods must show product ingredients, country of origin, and expiration date. If the product has been subjected to irradiation, this must be stated on the product label. Additionally, the label must indicate the name and address of the manufacturer, storage conditions, and the net volume/weight in standard international units. American foods usually do not encounter significant problems in meeting local labeling requirements, but new-to-market firms are advised to check with importers on specific labels.

Market Entry

Wet market stall operators and street hawkers in Hong Kong normally obtain their food items from government-sponsored wholesale markets. Many of these retailers have a long-standing merchandising philosophy that favors Hong Kong/Chinese products. Because these food retailers are so numerous and small in terms of dollar sales volume, U.S. exporters seeking to break into this market segment are most likely to meet with success by selling to importers/agents that cater to local distributors supplying Hong Kong's

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wholesale markets.

U.S. exporters wanting to sell food products to Hong Kong supermarkets, convenience stores, and food warehouse chains are encouraged to sell directly to these retailers. Food warehouse chains, which focus on offering discount prices, usually avoid intermediary suppliers. Often these firms assume responsibility for all aspects of stock procurement, including purchasing, transportation, and storage. This is typified by the fresh food distribution center operated by Park'n Shop, which allows the chain to coordinate its purchases for its entire retail chain.

Best Export Prospects

Poultry imports from the United States by Hong Kong exceeded a record \$400 million in 1995, making it the second largest overseas markets for U.S. poultry meat. The rapidly expanding fast food industry holds significant potential for increased sales of U.S. poultry meat. The majority of U.S. poultry products shipped to Hong Kong do not include the most common items sold in the United States and Europe (e.g., breasts, wings, etc.), but are more heavily focused on chicken feet (approximately \$193 million in 1995), chicken wing tips, and chicken franks.

Hong Kong's food service sector accounts for approximately 40 percent of all poultry imports. With the exception of beef and onion imports, the United States dominates Hong Kong's imports of key products used for fast food production. Many western style fast food chains prefer U.S. products over those sourced in Asia.

Fresh fruit and vegetables represent the number one and two items in the average household grocery budget. Fresh fruit and vegetable import value has risen

nearly 10 percent annually in recent years. Fruit imports constitute approximately 80 percent of total import value for fresh fruits and vegetables. The United States is the leading supplier of fruit and the number two supplier of fresh vegetables to Hong Kong. Hong Kong is among the top three export markets for oranges, apples, grapes, tomatoes, celery, lettuce, peppers, and onions. Hong Kong looks primarily to the United States for a host of other fresh produce items including apricots, cherries, lemons, limes, and plums.

With the assistance of USDA's Market Access Program, U.S. exporters have been able to dominate the Hong Kong market. Funds for approved advertising and promotion activities have allowed firms such as Sunkist to build a nearly 100-percent brand awareness among consumers.

Tree nuts and dried fruit exports continue to rise in Hong Kong. Dried fruit generally is not viewed as a health food, as is the case in the United States, but is viewed as a type of candy. Tree nuts are consumed as snacks and as ingredients in cooked dishes. The leading U.S. exports within these categories are raisins and pistachio nuts. The United States also exports significant amounts of almonds, macadamia nuts, and dried figs.

Red meat exports to Hong Kong in 1995 were up more than 70 percent to a record \$89 million. Export shipments have continued strong in 1996, with value up 25 percent. Demand for higher-quality U.S. beef is strengthening as consumer sophistication responds to U.S. market development efforts. The United States dominates the upper end of the market catering to the tourist, business entertaining, and high-income consumers who demand high quality beef.

Ginseng is regarded as the most

important health food item in the Hong Kong market. American ginseng is becoming increasingly popular because of its mild nature. U.S. ginseng exports to Hong Kong increased from \$66 million in 1994 to \$68 million in 1995.

Beer imports continue to gain market share from domestically produced brands. Revised duty regulations significantly lowered the cost of imported U.S. beer. This allowed the U.S. share of Hong Kong's beer import volume to increase from 30 percent in 1992 to 48 percent in 1994. Budweiser is well established in the local market but additional export sales would be facilitated by the introduction of new premium and mid-priced U.S. brands. U.S. beer export value rose 60 percent to a record \$45 million last year.

Dairy products traditionally have not played a large role in the Hong Kong diet. In recent years, however, consumption has increased markedly and imports have risen. U.S. exports to Hong Kong consist largely of ice cream, whey, and dairy product preparations. Demand for ice cream and other frozen desserts is rising as per capita income levels increase.

Processed vegetable export sales have potential in the Hong Kong market. The United States enjoys an 80-percent market share for sweet corn (frozen and canned) imports. It also is the leading supplier of frozen potatoes, which are used for french fry production by increasingly popular western-style fast food restaurants.

Hong Kong Importers

A partial listing of Hong Kong importers of consumer-ready agricultural products follows. (NOTE: This partial listing of importers is furnished with the understanding that

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(no discrimination is intended and no guarantee of reliability is implied.)

Albert Wong & Co.
Room B1, 18/F Chung Hing Commercial Building
62-63 Connaught Road Central
Tel: (011-852) 2545-0647
Fax: (011-852) 2542-1726

Asia Provisions Co. Ltd.
14-24 King Wah Street
North Point
Tel: (011-852) 2570-2321
Fax: (011-852) 2887-8014

Edward Keller Co. Ltd.
36/F Windsor House
311 Gloucester Road
Causeway Bay
Tel: (011-852) 2898-8632
Fax: (011-852) 2898-8440

Etak International Ltd.
Hutchison House
Harcourt Road
Hong Kong
Tel: (011-852) 2526-2371
Fax: (011-852) 2868-0055

Hing Lee & Company
Room 3308 Hong Kong Plaza
Connaught Road West
Hong Kong
Tel: (011-852) 2548-8333
Fax: (011-852) 2559-0666

Holly Trading Co.
Room A2
8/F Chou Chong Commercial Bldg.
422-428 Castle Peak Road
Kowloon
Tel: (011-852) 2785-6332
Fax: (011-852) 2785-8597

Scholfields Trading Ltd.
Room 705 Silvercord, Tower 2
Canton Road
Tsim Sha Tsui

Kowloon
Tel: (011-852) 2375-6255
Fax: (011-852) 2375-2408

Sims Trading Ltd.
1-11 Au Pui Wan Street
Fo Tan, Sha Tin
New Territories
Tel: (011-852) 2699-6213
Fax: (011-852) 2691-7199

Universal Products HK Ltd.
Room 911-3 Wing On Plaza Mody Road
Tsim Sha Tsui East
Kowloon
Tel: (011-852) 2301-1772
Fax: (011-852) 2316-7020

Wellcome Company Ltd.
7016-7025 East, Roof Floor
ATL Centre
Berth 3, Container Terminal
Kwai Chung
Hong Kong
Tel: (011-852) 2489-5888
Fax: (011-852) 2489-9627

Park'N Shop Ltd.
Box 250 Shatin Post Office
New Territories
Hong Kong
Tel: (011-852) 2606-8833
Fax: (011-852) 2695-3664

Grandmart Warehouse Club
Unit E, 7/F, Agincourt Ind. Bldg.
Cha Kwo Ling Road
Yau Tong
Kowloon
Tel: (011-852) 2772-4499
Fax: (011-852) 2717-1999

Value Club
Wal-Mart/ER Chor HK Ltd.
Room 1801-6, 8 Commercial Tower
Sun Yip Street,
Chai Wan
Hong Kong
Tel: (011-852) 2595-2188
Fax: (011-852) 2515-2908

Hong Kong Convenience Stores Ltd.
(7-Eleven)
Block A, Seaview Estate
Watson Road
North Point
Hong Kong
Tel: (011-852) 2802-6868
Fax: (011-852) 2806-2731

Circle-K Convenience Stores (HK) Ltd.
UG/F, Block 1, Ho Fai Commercial Centre
Sai Lau Kok road
Tsuen Wan
New Territories
Tel: (011-852) 2959-0863
Fax: (011-852) 2415-5722

Oliver's Delicatessen
23rd Floor Tai Sang Commercial Bldg.
24-34 Hennessy Road,
Wanchai, Hong Kong
Tel: (011-852) 2866-3628
Fax: (011-852) 2528-9907

Ginseng USA Ltd.
1-4/F, Hang Wo Buillding
72-74 Bonham Strand West
Hong Kong
Tel: (011-852) 2858-7098
Fax: (011-852) 2858-7564

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US Exports of Agricultural, Fish & Wood Products to HONG KONG

Calendar Years 1991 to 1996 and Year-to-Date Comparisons (\$1,000)

| Product | Calendar Years | | | | | January-August | | % Chg |
|--|----------------|---------|---------|-----------|-------------|----------------|-----------|---------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1995 | 1996 | |
| Bulk Agricultural Total | 175,814 | 146,372 | 81,738 | 187,084 | 200,636 * | 123,233 | 70,549 | -42.8% |
| Wheat | 20,265 | 22,064 | 16,877 | 20,758 | 12,682 | 7,319 | 3,259 | -55.5% |
| Coarse Grains | 171 | 1,031 | 330 | 852 | 426 | 267 | 207 | -22.5% |
| Rice | 1,454 | 1,023 | 952 | 1,050 | 1,282 | 775 | 1,098 | 41.7% |
| Soybeans | 467 | 403 | 654 * | 195 | 226 | 128 | 5 | -96.1% |
| Cotton | 96,115 | 73,880 | 18,644 | 118,720 | 134,244 | 88,943 | 40,725 | -54.2% |
| Tobacco | 50,280 | 41,693 | 29,389 | 31,788 | 33,688 | 18,260 | 11,355 | -37.8% |
| Pulses | 1,100 | 769 | 1,178 * | 1,129 | 1,037 | 715 | 631 | -11.7% |
| Peanuts | 602 | 697 | 856 | 984 | 572 | 243 | 297 | 22.2% |
| Other Bulk Commodities | 5,361 | 4,811 | 12,856 | 11,607 | 16,479 * | 6,583 | 12,970 | 97.0% |
| Intermediate Agricultural Total | 84,360 | 89,458 | 93,226 | 153,539 | 195,584 * | 130,634 | 123,012 | -5.8% |
| Wheat Flour | 26 | 17 | 21 | 28 | 75 | 41 | 2,354 | 5641.5% |
| Soybean Meal | 0 | 186 | 0 | 0 | 224 | 72 | 316 | 338.9% |
| Soybean Oil | 316 | 776 | 807 | 10,707 | 10,017 | 7,228 | 330 | -95.4% |
| Other Vegetable Oils | 7,042 | 14,658 | 10,410 | 15,752 | 32,365 * | 24,921 | 17,045 | -31.6% |
| Feeds & Fodders (excl. pet foods) | 19,876 * | 13,087 | 8,270 | 9,564 | 17,266 | 10,604 | 7,648 | -27.9% |
| Live Animals | 3,399 | 3,503 | 5,945 * | 5,098 | 5,939 | 3,047 | 2,978 | -2.3% |
| Hides & Skins | 24,571 | 26,613 | 36,757 | 50,131 | 60,528 * | 40,261 | 46,049 | 14.4% |
| Animal Fats | 740 | 443 | 761 | 894 | 1,511 * | 772 | 930 | 20.5% |
| Planting Seeds | 2,264 | 2,870 | 2,720 | 15,528 | 3,865 | 2,701 | 1,428 | -47.1% |
| Sugars, Sweeteners & Bever. Bases | 3,477 | 4,027 | 5,451 | 10,791 | 15,674 | 9,870 | 11,580 | 17.3% |
| Other Intermediate Products | 22,649 | 23,277 | 22,083 | 35,044 | 48,120 * | 31,117 | 32,353 | 4.0% |
| Consumer-Oriented Agricultural Total | 510,768 | 624,652 | 698,038 | 892,048 | 1,090,889 * | 661,120 | 737,645 | 11.6% |
| Snack Foods (excluding nuts) | 14,933 | 18,338 | 30,089 | 40,499 | 22,789 | 12,837 | 15,267 | 18.9% |
| Breakfast Cereals & Pancake Mix | 1,391 | 1,360 | 1,427 | 5,667 | 4,455 | 2,423 | 4,210 | 73.8% |
| Red Meats, Chilled/Frozen | 22,216 | 26,531 | 28,978 | 46,138 | 81,645 * | 46,879 | 61,946 | 32.1% |
| Red Meats, Prepared/Preserved | 5,599 | 6,137 | 7,021 | 6,074 | 7,712 * | 4,270 | 4,097 | -4.1% |
| Poultry Meat | 111,424 | 139,752 | 169,489 | 273,991 | 402,591 * | 259,941 | 272,886 | 5.0% |
| Dairy Products | 16,565 | 15,458 | 22,611 | 23,677 | 27,093 | 15,069 | 31,801 | 111.0% |
| Eggs & Products | 22,843 | 22,534 | 24,749 | 25,572 | 25,799 * | 16,550 | 23,684 | 43.1% |
| Fresh Fruit | 98,822 | 131,545 | 137,199 | 152,247 | 166,423 * | 104,735 | 106,768 | 1.9% |
| Fresh Vegetables | 14,279 | 16,355 | 21,128 | 26,420 | 26,213 | 17,400 | 18,173 | 4.4% |
| Processed Fruit & Vegetables | 42,792 | 52,323 | 60,452 | 69,641 | 77,346 * | 47,944 | 52,741 | 10.0% |
| Fruit & Vegetable Juices | 10,480 | 11,698 | 11,183 | 12,158 | 13,925 * | 9,757 | 10,062 | 3.1% |
| Tree Nuts | 21,336 | 31,652 | 36,689 | 41,409 | 43,961 * | 22,144 | 25,453 | 14.9% |
| Wine and Beer | 19,895 | 12,675 | 23,308 | 30,706 | 48,825 * | 37,523 | 31,610 | -15.8% |
| Nursery Products & Cut Flowers | 456 | 461 | 639 | 1,072 | 1,152 * | 233 | 166 | -28.8% |
| Pet Foods, Dog/Cat | 2,716 | 3,930 | 5,134 * | 3,790 | 2,835 | 1,802 | 3,468 | 92.5% |
| Other Consumer-Oriented Products | 105,021 | 133,905 | 117,942 | 132,987 | 138,125 * | 61,613 | 75,313 | 22.2% |
| Wood Products Total | 23,341 | 29,483 | 36,377 | 53,465 | 61,367 * | 40,045 | 51,517 | 28.6% |
| Logs | 1,879 | 3,646 | 163 | 676 | 1,013 | 696 | 1,021 | 46.7% |
| Lumber | 7,663 | 8,864 | 17,825 | 26,590 | 34,687 * | 21,998 | 28,940 | 31.6% |
| Plywood & Panel Products | 9,256 | 12,252 | 12,197 | 14,631 | 18,447 * | 11,793 | 15,973 | 35.4% |
| Other Wood Products | 4,543 | 4,722 | 6,192 | 11,569 | 7,220 | 5,557 | 5,583 | 0.5% |
| Fish & Seafood Products Total (Edible) | 32,617 | 39,455 | 33,246 | 45,442 | 42,327 | 27,878 | 25,194 | -9.6% |
| Salmon, Whole/Eviscerated | 778 | 902 | 941 | 651 | 595 | 451 | 1,010 | 123.9% |
| Salmon, Canned | 55 | 27 | 42 | 49 | 22 | 7 | 74 | 957.1% |
| Crab & Crabmeat | 1,374 | 313 | 691 | 655 | 810 | 495 | 423 | -14.5% |
| Surimi (fish paste) | N/A | 0 | 0 | 1,299 | 1,914 * | 1,697 | 427 | -74.8% |
| Roe & Urchin | 165 | 178 | 417 | 474 | 243 | 200 | 581 | 190.5% |
| Other Edible Fish & Seafood Products | 30,244 | 38,036 | 31,155 | 42,314 | 38,743 | 25,029 | 22,678 | -9.4% |
| Agricultural Product Total | 770,942 | 860,482 | 873,002 | 1,232,671 | 1,487,109 | 914,987 | 931,206 | 1.8% |
| Agricultural, Fish & Wood Product Total | 826,900 | 929,420 | 942,625 | 1,331,578 | 1,590,803 | 982,910 | 1,007,917 | 2.5% |

Note: (*) Highest export level since at least 1970; N/A = not available; NA = not applicable.

Taiwan: Great Potential for Consumer Foods

Taiwan, one of the Asian tigers, has a highly educated population, a rapidly growing economy, and the third highest income per capita in Asia. Only Hong Kong and Japan have higher per capita incomes on a purchasing power parity (PPP) basis. With a relatively small size (slightly larger than Maryland and Delaware combined), and a population of 21.5 million, Taiwan continues to be one of our strongest markets. The greatest potential for U.S. exporters is in the fast-growing consumer foods categories, where for many products, Japanese and European brands are perceived as superior because of packaging differences and promotional efforts.

Taiwan's small size and relatively large population make it the second-most densely populated country in the world, after Bangladesh. Taiwan has a dynamic capitalist economy with considerable government guidance of investment and foreign trade and partial government ownership of some large banks and industrial firms. Real growth in Gross Domestic Product (GDP) has averaged about 9 percent a year during the past 3 decades, and Taiwan is now considered to be a developed country. It is the 18th largest economy in the world, while it ranks only 43rd in population. Export growth has been even faster and has provided the impetus for

industrialization. Inflation and unemployment are remarkably low.

Current Economic Situation

For the last few years, economic development has slowed somewhat, with annual growth rates between 6 and 7 percent. Foreign trade drives Taiwan's economy. Merchandise exports and imports reached \$111.7 billion and \$103.6 billion in 1995, and total two-way trade is expected to reach \$300 billion by 2001.

The increasingly cosmopolitan Taiwan consumer, with a per capita income in

excess of \$12,000, is now buying consumer goods and services unimagined a decade ago. This is a new market, in which brand loyalties for the most part are not yet strongly established. Food expenditure per person was estimated at \$1,920 in 1995. U.S. exporters have a good opportunity to increase their presence before competitors become entrenched, since in many cases mass market imported food products have only just arrived and have an allure their Taiwan-based competitors do not.

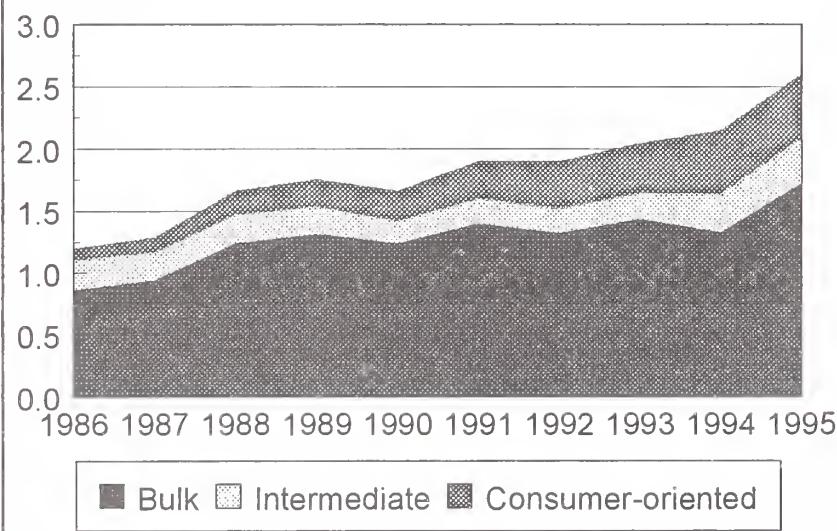
Domestic Agriculture

Agriculture represents only 3.5 percent of GDP and about 11% of the labor force. This figure is expected to decline further in the coming years when agricultural imports are liberalized with Taiwan's accession to the World Trade Organization (WTO). Major crops include vegetables, rice, fruit, tea, livestock (hogs, poultry, and beef), and milk. Despite Taiwan's general economic growth, the domestic agriculture sector continues to stagnate while agricultural imports expand. This combination of stagnation and increased trade volume reflects the challenges and difficulties in Taiwan's agricultural sector, including high and rising land costs, labor shortages, international pressure for trade liberalization, pollution and health concerns, and the general high cost to Taiwan's budget for maintaining subsidized agricultural production.

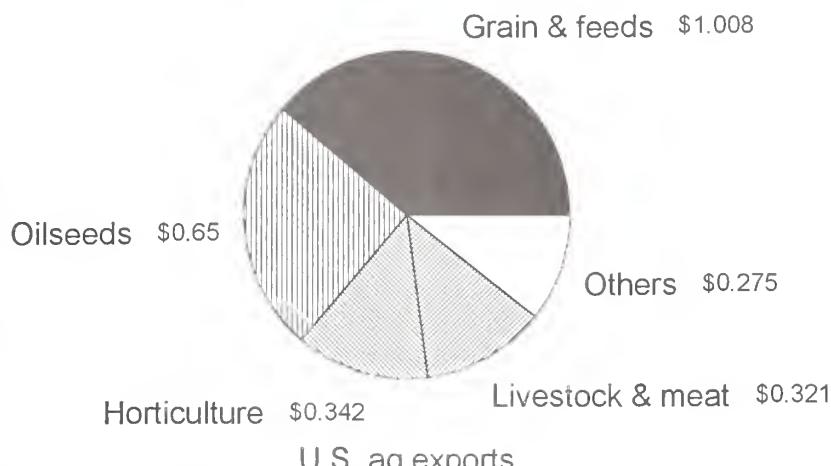
Agricultural Imports

Taiwan is a net importer of food and agricultural goods. In 1995, the value of Taiwan's agricultural imports totaled \$9.7 billion, a leap of 9.7 percent above 1994. This represented 9.4 percent of Taiwan's total imports. Traditionally,

U.S. Exports to Taiwan Continue to Increase \$ Billions



Basic Food Groups Dominate 1995 U.S. Exports to Taiwan



Note: Value in \$ billions

Taiwan had been primarily a market for bulk commodities and intermediate U.S. agricultural products. However, in the past 5 years, consumer-ready food product imports have increased in response to increasing income levels.

In 1995, the United States remained the top agricultural supplier to Taiwan, with over one third of the import market. We were followed by Malaysia, Australia, Indonesia, Japan, Thailand, and Canada. Of our major markets, Taiwan ranks fourth, after Hong Kong, Canada, and the Netherlands, in U.S. exports per capita at \$121.

Fresh fruit, vegetables, fruit juice, beef, dairy products, seafood, snack foods, nuts, beer, wine, and pet food are the main consumer-oriented goods imported.

The Taiwan consumer often has greater confidence in the wholesomeness of imported products than in domestically grown and processed food items. Past imprudent use of agricultural chemicals

by local farmers has made Taiwan shoppers highly sensitive to food quality. Despite highly publicized, and often false, accusations of unacceptable chemical residues in imported fruits and vegetables, the Taiwan consumer has great trust in U.S. food products.

Imports from the United States grew by

21 percent to \$3.7 billion from 1994 to 1995 thanks to the healthy growth in both the traditional bulk grains, intermediate products and the emerging consumer-oriented food items.

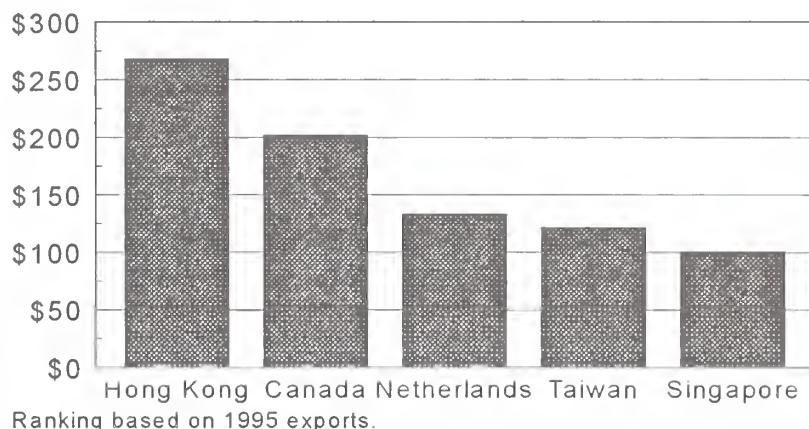
U.S. commodities dominate most of the bulk product categories but encounter stiff competition in the consumer-ready product categories. Demand for imports is high. FAS lists over 500 requests Taiwan importers have for food and agricultural products, ranging from wood veneers to cookies to cat food.

Consumer Goods

U.S. food products are generally positioned above domestic consumer-oriented food products but below Japanese and European products. U.S. product is perceived as providing good value for an imported food item with relatively low price, high quality and taste, but inferior packaging for the gift market.

Apples are Taiwan's top imported fruit, with 118,625 metric tons imported in 1995. The United States is the leading supplier with a 76 percent market share. The Taiwan apple market is shifting

Of All Major Markets for U.S. Agricultural Exports, Taiwan Ranks 4th in Exports Per Capita Exports per person



... Taiwan

from the traditional import varieties such as Red and Golden Delicious, to the Fuji variety.

The United States holds a commanding import market share (96-100 percent) for grapes, plums, oranges, grapefruit, and peaches. The United States also dominates Taiwan's imports of nectarines (85 percent), prunes (89 percent), cherries (82 percent), raisins (89 percent), and apples (88 percent). The United States maintains a strong share of the import market for almonds (99 percent), walnuts (92 percent), and pistachios (44 percent). In 1995, the United States replaced Thailand as the leading juice supplier.

U.S. beer and wine exports to Taiwan are among the best export opportunities in the coming years. As privatization of Taiwan's beer and wine monopoly progresses, there will be increased interest in imported alcoholic beverages (see separate sections below).

The U.S. market share for many popular supermarket items is impressive: canned peaches (31 percent), canned corn (99 percent), soups (74 percent) peanut butter (53 percent), potato chips (97 percent), and tomato ketchup and sauces (79 percent).

The demand for pet food continues to rise rapidly on Taiwan. In 1991, the U.S. share of the \$16-million market for dog and cat food was 52 percent. In 1994, this market has grown to over \$43 million with U.S. market share at 43 percent.

U.S. market position remains strong for high-quality beef imports with 25 percent of the frozen import market, and 61 percent of fresh beef imports. The United States has a 46 percent import market share of ice cream, despite rapidly increasing imports.

Trade Policy

Trade barriers continue to hinder access for many agricultural products. These include high tariff rates, many as high as 40-50 percent, on a wide variety of high-value, consumer-ready products. Also, to protect local farmers, the importation of several items is tightly controlled or effectively banned. These items include chicken meat, squid, some fishery products, fluid milk, rice, wild rice, dried garlic, dried red beans, peanuts, wheat flour, and certain cuts of pork. Animal offals (beef, pork, and poultry), rice, and selected dairy products are completely banned.

The importation of table stock potatoes was recently liberalized, but the procedure involves a restrictive quota that utilizes a tedious auction system. A monopoly tax on wine and beer imports assessed on a specific, rather than ad valorem basis, combines import duties, excise taxes, and other business taxes, but the ad valorem equivalent can reach up to 350 percent for some types of wine.

Distribution System

There are two main channels for the distribution of imported food and beverages in Taiwan: 1) imported unprocessed foods, including fresh chilled fruits and vegetables and fresh chilled and frozen fish and shellfish; and 2) imported processed foods and beverages, including room temperature, air-conditioned, chilled, and frozen packaged products.

Over the past 15 years, the following changes have occurred in the unprocessed foods distribution system:

- * Introduction of large retail chains for unprocessed food.
- * Development of distribution firms to

service these chains.

* Increasing direct sales between importers and retailers/wholesalers.

* Development of direct purchasing channels between retailers and wholesale markets.

Currently, there are three main middlemen involved in the distribution of imported processed and unprocessed foods: 1) wholesale markets; 2) wholesalers; and 3) distributors.

At the retail level, there are several venues: the traditional wet markets, supermarkets, warehouse stores/hypermarkets, convenience stores, institutional outlets, and restaurants, including fast food outlets.

Beer

Taiwan's beer consumption, estimated at 568 million liters in 1995, is up about 9 percent from 1994. Taiwan opened its market to imports in 1987, and total beer consumption has increased by 6 - 9 percent annually. Imports have increased at a dramatic rate in the last few years, going from 19 million liters in 1992 to over 160 million liters in 1995. Since Taiwan opened its market to beer imports, imports represent almost one-third of total consumption. The United States was the leading supplier in 1995 with 35 percent of imports, but Germany and Japan increased market share. Because of Taiwan's hot climate, beer consumption peaks in summer months.

Wine

In contrast to beer, wine consumption is much lower, estimated at about 15 million liters in 1995. Imports account for about 20 percent of total consumption. Taiwan opened its market to imports in 1987. About 70 - 75

... Taiwan

percent of consumption are the relatively inexpensive, sweet Rosé-type varieties, as the Taiwanese market is inexperienced in fine wine culture. Due to its color, red wine is believed by many to be particularly beneficial to blood quality.

Consumers tend to favor French wines. The French Food Institute in Taiwan (SOPEXA) has implemented a highly sophisticated wine marketing program since 1992, with wine testing seminars for importers and wine appreciation classes for the public. The French hold about 60 percent of the import market of 3 million liters, with the United States second with about 20 percent.

Gift Market Important

Generosity is a valued trait in the Chinese culture. It is a long-standing custom to give gifts to family, friends, and business acquaintances during major Taiwan holidays. Whether visiting the home of a friend or relative, or cementing a business relationship, gifts are frequently exchanged. The Taiwan food gift market offers significant long-term business opportunities for U.S. manufacturers of high-quality food and beverage products. There are six food products which have excellent potential in Taiwan's food gift market: 1) coffee; 2) chocolate; 3) cookies; 4) dried fruit/ nuts; 5) fresh fruit; and 6) mullet roe. Although these products are selling well on the non-gift market, there is also great potential for them in this marketing niche.

Consumer Gift Shopping Behavior

Consumers are influenced by several key factors when selecting a gift. High on the list of priorities is the gift's packaging and wrapping. To Taiwan

consumers, packaging, and wrapping are just as important as the gift's contents. Local consumers often feel that U.S. packaging designs are not fancy enough. For this reason, they are not considered as appropriate for gift-giving as Japanese and European packaging designs. The brand, the country of origin, and the store where the gift was purchased are also important factors in selecting a gift product.

Although consumers generally prefer quality over quantity, the gift must look substantial. Price plays a relatively minor role in the local consumer's decision-making process. The general price range for gifts is NT\$300-NT\$3,500 depending on the occasion (US\$1=NT\$27).

Food gifts are given on two occasions: holidays and greeting situations. Holidays where gifts are given include Chinese New Year, Valentine's Day, Dragon Boat Festival, Lover's Day, Moon Festival, and Christmas.

Coffee

Coffee shops are commonplace and most restaurants, large and small alike, serve imported coffee. However, most supermarkets, grocery stores, convenience stores, hypermarkets, and specialty shops sell only instant coffee. Only a few sell freshly ground coffee or coffee beans. "Three-in-one" instant coffee, which means that cream and sugar have already been added to each individual packet of coffee, is popular on Taiwan, though it is generally not given as a gift because it is not considered special enough and because it doesn't come in a gift pack.

As a gift item, instant coffee is very popular on Taiwan. Generally speaking, only coffee that is pre-packaged in a gift pack is given as a gift; individual

containers of coffee are not. Typically, a gift box of instant coffee consists of three or four containers of coffee, one container of powdered milk or cream, or a coffee mug. The coffee containers come in all sizes, from 50 grams to 250 grams per container. Most gift packs of coffee are either locally manufactured or imported from Japan and are presented in a gift box, which appeals to Taiwan consumers. They are sold in supermarkets, grocery stores, convenience stores, hypermarkets and specialty shops. They generally sell for between NT\$480-NT\$1,350 depending on the size and quantity of coffee containers included in the gift pack.

Sources say that because U.S. manufacturers do not prepare attractive gift packs of coffee, U.S. coffee is generally only purchased for personal consumption. Recently, however, a U.S. coffee manufacturer began selling freshly ground coffee from Hawaii. This brand is doing very well both as a gift item and for personal consumption. Sources say that this company is doing well for three primary reasons: 1) the coffee is imported from Hawaii, making it especially appealing to local consumers; 2) the vacuum-sealed packaging method is unique on Taiwan; and 3) the company is actively promoting the coffee through in-store promotions and advertisements in the local media.

Chocolates

Chocolates sold in most supermarkets and convenience stores are generally not given as gifts because they are not attractively packaged and are relatively inexpensive, compared to chocolate sold at specialty chocolate shops. However, chocolates sold in department stores with supermarkets located on the premises tend to carry several brands of specialty chocolates that do sell well as gifts. Chocolates sold at these

... Taiwan

supermarkets sell well on the gift market primarily due to their high-class image and fancy packaging.

Quality is more important than quantity when giving chocolate as a gift. This is because local consumers prefer less sweet desserts. For this reason, specialty chocolates are generally only given on special occasions and the size of the box varies depending on the situation. In general, consumers usually give an 8 ounce box of chocolates, which typically has approximately 24 pieces of chocolate. As the younger generation is increasingly exposed to western desserts, which are generally sweeter than local desserts, local chocolate consumption will increase.

Currently, there are only a handful of specialty chocolate brands available on Taiwan. Japanese, Belgian, German, and Swiss specialty chocolates are the United States' largest competitors. Although chocolates from these countries are all priced higher than chocolates from the United States, and are sold by weight, sources say that specialty chocolate from these countries sell well because of their fancy packaging and reputation.

Sales are highest between December and February and are lowest during the summer months. Even with promotions, sales tend to be extremely slow during the hot summer months. Knowing how important packaging is to the Taiwan consumer, the importer has begun using more festive gift boxes. Customers tend to prefer a bright red box, although a gold box and a black tuxedo-style box are popular as well. The importer stressed the importance of having a well-trained staff to assist customers. Local consumers prefer to select for themselves the chocolates to be included in their gift box, rather than purchase pre-packaged boxes.

Cookies

Taiwan consumers prefer Japanese cookies to Western-style cookies. One reason is because the flavor of Japanese cookies is similar to that of local cookies, whereas to local consumers, Western-style cookies are too sweet. However, according to local sources, flavor is not the greatest obstacle facing U.S. cookie manufacturers wanting to enter the Taiwan gift market; packaging is. Whereas Japanese cookies are sold in a tin container, which is convenient and attractive for gift-giving, U.S. cookies are not and the packaging used is regarded by local consumers as too simple to be given as a gift. Moreover, Japanese cookie containers usually contain many different varieties of cookies, which appeals to local consumers.

Dried Fruits/Nuts

Currently, dried fruits are usually purchased for personal consumption and are rarely given as gifts. This is most likely because dried fruit is not sold in attractive gift packs and is not actively promoted on Taiwan. Sources say that since people are becoming more health oriented, dried fruit could become a popular gift item if it were attractively packaged and actively promoted.

Nuts are sold in gift packs at some supermarkets and hypermarkets. The supplier arranges the nuts together in a fancy gift pack, combining a variety of imported nuts, such as pistachios, cashew nuts, and almonds with locally-grown nuts or beans. When arranging these nut gift packs, the supplier packs nuts from a variety of sources. Therefore, U.S. companies wanting to enter the gift market should consider exporting nuts already arranged in a gift pack. Sources say that the high season for nut gift packs is between October and February.

Fresh fruit

Fresh fruit is a very popular gift item on Taiwan and is given for both casual and special occasions. Apples, strawberries, grapes, and pears are given as gifts most often. Apples are the most popular gift fruit. Local importers estimate that nearly half of all imported apples are purchased for giftgiving.

Quality is the most important criteria when selecting fruit for a gift. For gifts, large, evenly-shaped fruit are preferred. Moreover, because Chinese consider red festive and auspicious, consumers prefer to give red fruit for gifts. Price is not as important as appearance when selecting fruit for a gift. For example, high-quality Japanese apples are much more expensive than U.S. high-value apples, but Japanese apples sell better on the gift market because local consumers prefer their large, round, smooth appearance. Most consumers feel that U.S. fruit is fine for personal consumption, but not attractive enough for gifts.

Local consumers prefer to give pre-packaged fruit. Appropriate packaging methods for multiple pieces of fruit include using a box with a transparent lid or putting the fruit in a basket and covering it with cellophane, so that the customer can see the quality of the fruit. Fruit sold in a pre-packaged bag does not sell well as a gift item because local consumers feel that the packaging is not fancy enough. Whereas Japanese fruit arrives on Taiwan already individually wrapped in a Styrofoam wrapper or packaged in an attractive manner, U.S. fruit does not. Knowing that sales will be higher if the fruit is attractively packaged, some local supermarkets and hypermarkets will package U.S. fruit themselves before putting it out on the sales floor. As packaging the fruit is time consuming and costly, sources say that supermarkets and hypermarkets would prefer that U.S.

... Taiwan

fruit exporters wrap the fruit themselves before shipping.

Mullet Roe

Approximately 40-50 percent of mullet roe is consumed at weddings and banquets, or given as gifts. There are three sub-markets: 1) special banquets; 2) retail outlets; and 3) restaurants/hotels. The largest is the special banquet market, which accounts for 40-50 percent of total mullet roe consumption. Retail outlets represent 20-30 percent of annual consumption, while the remaining 20 percent is sold in restaurants and hotels.

Retail outlets selling mullet roe are of two broad types: 1) street market vendors; and 2) specialty food stores. The primary retail outlet for mullet roe on Taiwan are the numerous local street markets. The Chinese tradition of buying seafood and related products directly from street market vendors remains strong. These street market vendors supply an estimated 90 percent of retail demand. Although the remaining 10 percent is sold in specialty food stores, one group of chain stores in particular, Hsing Tung Yang, accounts for 5 percent of total retail sales.

Locally produced mullet roe accounts for approximately 15 percent of the total consumption in Taiwan. Although Taiwan consumers prefer the taste of locally produced mullet roe, it is only available in limited quantities.

The United States supplies an estimated 70 percent of all mullet roe imported to Taiwan. Taiwan's other major suppliers for mullet roe include Australia, and Brazil. For 3 months out of the year, Australia is the only supplier of mullet roe and can therefore command optimum prices. The United States' supply season overlaps with local production so there

is a greater degree of price competition at this time.

Mullet roe is imported in bulk to Taiwan in its raw state, then sent to a processor/wholesaler. After importation, processing consists of adding salt and drying the mullet roe, usually outdoors for a period of 5 days. The roe is then packaged for resale to restaurants, hotels, and other retail outlets. Most mullet roe sold retail is packaged in relatively small quantities, ranging from 2 to 10 ounces.

Typically, mullet roe is prepared for end-user consumption by slicing it into small portions and then placing it on a platter with a variety of other cold, sliced meats. This dish is served as a part of a multiple course meal.

As mullet roe can be conveniently and attractively packaged, we recommend that marketing efforts be directed toward promoting fish roe as a special gift pack.

Agricultural Trade Office

In Taipei, the Agricultural Trade Office (ATO) is designed to help U.S. exporters move their products into Taiwan. You can reach the ATO at (011-886-2) 305-4883, extension 286; fax (011-886-2) 305-7073. Their Internet address is <http://www.arc.org.tw/arc/ait/AGRI/atomain.html>. You can also email them at aitato@arc.org.tw.

ATO/Taipei works closely with importers, wholesalers, retailers, and trade promotion organizations to increase the sale of U.S. agricultural products in Taiwan. ATO/Taipei also sponsors promotional activities, organizes food shows, supports existing U.S. products in the market, as well as aggressively promotes and introduces new-to-market products from the United

States.

ATOs are centers for U.S. export sales promotions and contact points for importers seeking to buy agricultural products from the United States. Offices are located in Shanghai and Guangzhou, China; Hamburg, Germany; Hong Kong; Singapore; Tokyo and Osaka, Japan; Dubai, United Arab Emirates; Mexico City, Mexico; Jeddah and Riyadh, Saudi Arabia; Seoul, Korea; and Miami, Florida.

Food Show Provides Opportunities for U.S. Exporters

The American Foods Pavilion at the Taipei International Food Industry Show is "a well-established show in the third largest export market for U.S. consumer foods." This event is scheduled to take place from June 14-17, 1997, in Taipei. Exporters should start planning now for this event, with 70,000 expected to attend.

This is the largest and most popular food show on Taiwan with excellent access to local food importers, wholesalers, distributors, and retailers. The 1996 event had a total of 1,500 3X3-meter booths, including 11 international exhibitor booths and attracted 65,000 visitors. The 1996 American Pavilion had 40 booths and was the largest international pavilion. Registration deadline: March 15, 1997. To have a booth in the U.S. Pavilion, contact FAS at (202) 690-1182.

For more information, contact: Mark Thompson at (202) 720-2194; email at thompsonm@fas.usda.gov.

US Exports of Agricultural, Fish & Wood Products to TAIWAN

Calendar Years 1991 to 1996 and Year-to-Date Comparisons (\$1,000)

| Product | Calendar Years | | | | | January-August | | % |
|--|----------------|-----------|-----------|-----------|-------------|----------------|-----------|--------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1995 | 1996 | |
| Bulk Agricultural Total | 1,390,574 | 1,316,712 | 1,428,212 | 1,319,976 | 1,716,034 * | 1,055,605 | 1,454,161 | 37.8% |
| Wheat | 108,993 | 118,806 | 147,528 | 155,390 | 156,293 * | 102,799 | 152,431 | 48.3% |
| Coarse Grains | 633,086 | 592,908 | 598,819 | 565,101 | 776,741 * | 487,067 | 700,137 | 43.7% |
| Rice | 156 | 254 | 172 | 1,085 | 211 | 38 | 226 | 494.7% |
| Soybeans | 466,818 | 454,244 | 554,989 | 441,804 | 600,467 * | 359,612 | 541,178 | 50.5% |
| Cotton | 100,926 | 86,509 | 72,073 | 111,855 | 144,732 | 101,745 | 56,291 | -44.7% |
| Tobacco | 76,747 | 59,698 | 49,446 | 39,828 | 32,605 | 1,744 | 561 | -67.8% |
| Pulses | 1,325 | 1,477 | 1,488 | 1,308 | 1,345 | 429 | 672 | 56.6% |
| Peanuts | 99 | 24 | 152 | 253 | 154 | 136 | 27 | -80.1% |
| Other Bulk Commodities | 2,424 | 2,791 | 3,545 | 3,352 | 3,486 | 2,033 | 2,639 | 29.8% |
| Intermediate Agricultural Total | 202,814 | 201,432 | 210,345 | 308,441 | 364,808 * | 267,167 | 223,978 | -16.2% |
| Wheat Flour | 0 | 0 | 0 | 0 | 170 | 78 | 34 | -56.4% |
| Soybean Meal | 0 | 51 | 6 | 45 | 136 | 136 | 17 | -87.5% |
| Soybean Oil | 17 | 22 | 91 | 219 | 1,552 | 1,546 | 5 | -99.7% |
| Other Vegetable Oils | 1,655 | 2,764 | 2,473 | 3,493 | 4,103 | 3,015 | 4,198 | 39.2% |
| Feeds & Fodders (excl. pet foods) | 21,267 | 27,845 | 32,151 | 47,788 | 53,762 * | 35,515 | 37,790 | 6.4% |
| Live Animals | 2,692 | 2,600 | 3,116 | 3,496 | 2,791 | 1,486 | 2,607 | 75.4% |
| Hides & Skins | 129,038 | 121,033 | 125,386 | 184,988 | 223,701 * | 166,656 | 131,572 | -21.1% |
| Animal Fats | 2,303 | 5,178 | 6,423 | 14,304 | 20,268 * | 16,929 | 3,993 | -76.4% |
| Planting Seeds | 1,679 | 2,496 | 2,062 | 3,022 | 2,190 | 1,344 | 1,901 | 41.4% |
| Sugars, Sweeteners & Bever. Bases | 7,472 | 9,764 | 8,794 | 11,894 | 9,569 | 7,275 | 13,051 | 79.4% |
| Other Intermediate Products | 36,691 | 29,679 | 29,844 | 39,191 | 46,568 * | 33,187 | 28,810 | -13.2% |
| Consumer-Oriented Agricultural Total | 303,534 | 378,833 | 402,999 | 515,938 | 515,515 | 334,863 | 352,954 | 5.4% |
| Snack Foods (excluding nuts) | 17,801 | 23,500 | 34,623 | 39,168 | 36,778 | 24,132 | 21,409 | -11.3% |
| Breakfast Cereals & Pancake Mix | 554 | 824 | 659 | 1,386 | 1,016 | 618 | 1,328 | 114.9% |
| Red Meats, Chilled/Frozen | 19,502 | 22,168 | 22,123 | 31,457 | 55,604 * | 33,874 | 47,037 | 38.9% |
| Red Meats, Prepared/Preserved | 814 | 591 | 829 | 1,169 | 2,180 | 1,536 | 1,105 | -28.1% |
| Poultry Meat | 1,050 | 758 | 839 | 1,408 | 2,803 | 1,759 | 5,457 | 210.2% |
| Dairy Products | 60,951 | 38,112 | 64,690 | 70,791 | 50,291 | 35,002 | 31,947 | -8.7% |
| Eggs & Products | 15 | 36 | 147 | 78 | 319 * | 252 | 207 | -17.9% |
| Fresh Fruit | 87,893 | 152,762 | 125,465 | 186,950 | 151,226 | 91,228 | 106,214 | 16.4% |
| Fresh Vegetables | 5,469 | 5,028 | 7,232 | 8,810 | 11,276 * | 6,313 | 5,921 | -6.2% |
| Processed Fruit & Vegetables | 34,383 | 40,039 | 41,932 | 50,011 | 53,319 * | 33,117 | 38,732 | 17.0% |
| Fruit & Vegetable Juices | 7,043 | 11,140 | 11,503 | 9,326 | 12,724 * | 9,241 | 9,941 | 7.6% |
| Tree Nuts | 19,340 | 24,132 | 24,187 * | 20,277 | 20,994 | 12,956 | 11,138 | -14.0% |
| Wine and Beer | 8,578 | 9,709 | 13,961 | 25,963 | 49,866 * | 39,210 | 30,204 | -23.0% |
| Nursery Products & Cut Flowers | 251 | 269 | 336 * | 248 | 228 | 114 | 293 | 157.0% |
| Pet Foods, Dog/Cat | 6,790 | 9,705 | 13,923 | 15,814 | 17,218 * | 12,856 | 10,312 | -19.8% |
| Other Consumer-Oriented Products | 33,099 | 40,061 | 40,549 | 53,082 | 49,671 | 32,656 | 31,707 | -2.9% |
| Wood Products Total | 193,672 | 166,437 | 178,690 | 158,874 | 149,054 | 104,575 | 85,839 | -17.9% |
| Logs | 44,940 | 32,700 | 41,520 | 27,935 | 36,118 | 21,645 | 14,551 | -32.8% |
| Lumber | 78,058 | 80,174 | 87,188 * | 84,165 | 77,773 | 56,547 | 46,494 | -17.8% |
| Plywood & Panel Products | 45,197 | 34,152 | 40,064 | 36,238 | 27,153 | 20,446 | 14,747 | -27.9% |
| Other Wood Products | 25,478 | 19,411 | 9,917 | 10,536 | 8,010 | 5,937 | 10,046 | 69.2% |
| Fish & Seafood Products Total (Edible) | 39,305 | 45,313 | 44,572 | 53,886 | 59,295 * | 24,735 | 29,022 | 17.3% |
| Salmon, Whole/Eviscerated | 118 | 230 | 487 | 1,538 | 3,519 | 2,365 | 3,735 | 57.9% |
| Salmon, Canned | 7 | 0 | 44 | 0 | 141 * | 105 | 48 | -54.3% |
| Crab & Crabmeat | 57 | 161 | 259 | 193 | 176 | 30 | 128 | 326.7% |
| Surimi (fish paste) | N/A | 655 | 5,167 | 6,015 | 3,252 | 1,088 | 2,976 | 173.5% |
| Roe & Urchin | 11,306 | 11,806 | 13,535 | 14,590 | 16,322 * | 5,491 | 4,426 | -19.4% |
| Other Edible Fish & Seafood Products | 27,817 | 32,460 | 25,081 | 31,550 | 35,887 * | 15,656 | 17,708 | 13.1% |
| Agricultural Product Total | 1,896,922 | 1,896,977 | 2,041,556 | 2,144,355 | 2,596,357 * | 1,657,635 | 2,031,093 | 22.5% |
| Agricultural, Fish & Wood Product Total | 2,129,899 | 2,108,727 | 2,264,818 | 2,357,115 | 2,804,706 * | 1,786,945 | 2,145,954 | 20.1% |

Note: (*) Highest export level since at least 1970; N/A = not available; NA = not applicable.

Market Updates

Japan Terminates *E. coli* Testing

Japan's Ministry of Agriculture, Forestry, and Fisheries (MAFF) announced on November 12 that it was terminating the *E. coli* inspection program for fresh vegetables implemented last August. In announcing the program's termination, MAFF noted that "the safety of vegetables is fully confirmed." This action bodes well for U.S. fresh vegetable exporters, some of whom had been reporting sluggish sales activity in Japan in the wake of the *E. coli* crisis. Shipments to Japan, the United States' second leading fresh vegetable export market last year behind Canada, have registered rapid growth in recent years.

According to MAFF, a total of 6,938 samples, taken from both domestic and imported sources, were tested during the program's tenure, with no positive *E. coli* detections recorded. The targeted import commodities were: lettuce, broccoli, garlic, burdock root, tomatoes, peppers, cabbage, asparagus, ginger, onions, celery, carrots, and shallots. While the United States is not presently permitted to export certain of these products to Japan (e.g., tomatoes and peppers), combined shipments of those products that are shipped, including broccoli, lettuce, and asparagus, were valued at \$125 million during calendar year 1995.

Japan's Rice Import Tender Awarded Largely to the United States

U.S. rice, predominantly California medium grain, was awarded 50,000 tons, roughly 43 percent, of the 115,800-ton October 24, Japanese import tender. Australia was awarded 30,000 tons of medium-grain rice and Thailand received 35,800 tons of long-grain and glutinous rice. This was the first of four expected rice tenders that should fulfill Japan's Uruguay Round import commitment of approximately 450,000 tons. The United States, after garnering nearly 50 percent of Japan's rice imports in the 1995 program, maintained production of medium-grain rice in 1996, while production of long-grain rice fell. Thus, maintaining U.S. market share at levels similar to 1995 is extremely important to U.S. medium-grain rice producers.

Japanese and European Demand for U.S. Grapefruit Results in Increased Exports

Marketing year 1995/96 (September-August) marks the fourth consecutive year that the value and volume of U.S. grapefruit exports have increased. U.S. grapefruit exports in 1995/96 were valued at \$260 million, the second highest level on record, and 8 percent above the previous season's value. Japan and the European Union accounted for the bulk of the value increase. The 1995/96 export value is slightly below the 1990/91 record of \$270 million, when per unit prices were exceptionally high due to the December 1989 freeze in Florida. The volume of U.S. grapefruit exports in 1995/96 also reached a near record 500,000 tons, 3 percent above the prior year's shipments. European Union countries accounted for the bulk of the increase in volume. U.S. sales to Japan of \$145 million, the largest single destination, benefitted from retailers' U.S. grapefruit promotions, an early harvest of Japan's domestic citrus crop, and expanded sales to cities other than Tokyo.

Relatively low grapefruit prices, good quality U.S. fruit, and ongoing market development activities under USDA's Market Access Program were the major reasons for the success in U.S. exports. Florida accounts for approximately 85 percent of total U.S. grapefruit exports. Nearly 60 percent of Florida's fresh market grapefruit was exported in 1995/96. This percentage of fresh market exports has been increasing. Continued strong grapefruit export sales is welcomed by Florida producers since domestic demand is down and production is increasing.

...Market Updates

Russia May Import U.S. Cotton

Russia's recent abolishment of its value-added tax on cotton imported from non-Commonwealth of Independent States (CIS) countries and problems with CIS financing terms are encouraging Russian Government officials to investigate the feasibility of importing U.S. cotton. Traditionally, Russia has imported all its cotton needs from CIS producers, especially Uzbekistan. However, Uzbekistan's pre-payment condition and Russia's high federal interest rates have constrained Russia's ability to import cotton. Russia's textile industry currently is operating at only 15 percent of capacity. USDA is projecting that the United States will supply Russia with 4 percent of its import needs this year, but potential exists for significantly larger sales. USDA has authorized \$30 million in credit guarantees for sales of commodities, including cotton, to Russia under the GSM-102 program. This credit program may become instrumental in expanding U.S. cotton sales.

Russia Extends Ban on European Beef

Russia has banned beef imports from parts of Europe because of the incidence of bovine spongiform encephalopathy (BSE) in local cattle herds, introducing possible new market opportunities for U.S. red meat and poultry. The action reflects continued concern regarding the possible linkage between BSE, commonly referred to as mad cow disease, and a new variant of a similar human disease, Creutzfeldt-Jakob Disease. After having acted against beef imports from France, Switzerland, and the United Kingdom, Russia recently banned beef imports from several counties in Ireland. Ireland is the second largest beef supplier to the Russian market following the Ukraine. With Irish beef product exports to Russia totaling approximately 130,000 tons in 1995, this new, partial ban threatens to disrupt the Russian meat import market. It is also a blow to the Irish beef industry, which has rapidly increased beef exports to Russia in the past several years. In 1993, Irish beef product exports to Russia totaled only about 15,000 tons. U.S. beef and pork exports to Russia are currently running below last year's pace but this development may foster export growth.

Thailand's Cotton Imports Expected to Increase

The Thai Cabinet agreed on October 15, 1996, to set up a Textile Industry Development Institute (TIDI) to boost the declining textile sector. The institute will operate as an independent organization under the Industrial Development Foundation, which is primarily funded by private companies. It will be managed by a board comprised of members from both the government and private sectors. The Government of Thailand will allocate \$2 million towards the institute's budget, and the rest will be funded by an 0.03-percent fee levied on a textile manufacturer's previous year's sales. The responsibilities of the institute are the following: 1) to develop an information system and distribute market news, 2) to research and develop textile technology, 3) to assist in the maintenance of quality and standards for textile products, 4) to develop skills of textile workers and personnel, and 5) to coordinate textile interests within the private sector and/or between private and government sectors.

Thailand's mill consumption of cotton declined from 1.7 million bales in marketing year 1991/92 to 1.4 million bales in 1995/96. During the same period, cotton yarn and fabric production declined by 8 percent and 13 percent, respectively. With the establishment of TIDI, mill activity is expected to increase. Virtually all of Thailand's raw cotton demand is met by imports. The United States has remained a significant supplier and accounted for 25 percent of Thailand's total cotton imports in 1995/96.

...Market Updates

Saudi Arabia Partially Lifts Beef Products Import Ban

On October 12, the Saudi Arabian Ministry of Commerce lifted the Government's ban on imports of beef, beef derivatives, and dairy products from the Republic of Ireland, France, and Switzerland. The ban was imposed on May 18, 1996, as a precautionary move resulting from the BSE scare in Europe. However, the ban on live cattle imports from these three countries remains in effect as does the ban on UK and Portugal cattle and beef products. The lifting of the import ban may have a dampening effect on U.S. beef exports to Saudi Arabia, which totaled 751 tons through August, a 66-percent increase over the same 8-month period a year earlier.

U.S. - Israel Agricultural Trade Agreement

The United States and Israel recently completed negotiations on the U.S.-Israel Agreement on Trade in Agricultural Products, which aims to boost agricultural trade between the two countries. Implementation of the Agreement, which provides for immediate access for some U.S. horticultural products, begins on December 4, 1996. The Agreement separates products into three categories: 1) products free from duty or other restrictions, 2) products imported duty-free within a specified tariff-rate quota (TRQ), and 3) products subject to preferential tariff treatment. U.S. horticultural products entering duty-free within specified TRQ's will garner the most benefit.

Horticultural commodities with major trade potential from TRQ's include: apples, grapes, pears, citrus, selected fresh and frozen vegetables. For example, the Agreement establishes an initial duty-free quota for apples of 1,600 tons. This quota will increase 3 percent annually through 2001, which is the fifth and final year of adjustment under the Agreement. The Agreement establishes the out-of-quota tariff for U.S. apples at a rate that is 10 percent below the applied Most Favored Nation rate. For wine, the Agreement reduces the import duty to 50 percent immediately, and to 40 percent by the year 2001.

Canada to Aggressively Export Feed Barley

Faced with a record barley crop and an abundance of feed quality wheat, which for the most part will be fed domestically, the Canadian Wheat Board (CWB) is expected to be far more aggressive with its feed barley exports this year. As evidence, the CWB announced its first sale of feed barley to South Korea in late October. This is a market that the CWB has been trying to open for several years. This year's aggressive marketing approach may also represent the Board's attempt to influence producers who will vote this winter to decide if barley exports will remain under the control of the CWB.

...Market Updates

Colombia Lifts Fumigation Requirement on California And Florida Fruits and Vegetables

Colombia's plant quarantine agency, ICA, announced October 17, that it was removing, effective immediately, its requirement that fruits and vegetables originating in the states of California and Florida be fumigated with methyl bromide before export. The requirement for California and Florida had represented a serious obstacle for exporters, since the fumigation process can significantly degrade fruit and vegetable quality and shorten shelf life. Colombia had established the requirement in response to concerns over oriental fruit fly detections in California and the issue of Caribbean fruit fly in Florida.

To resolve the issue, which arose in January 1996, the Emerging Markets Office of USDA/FAS financed the visit of two ICA inspectors to California and Florida last August to observe the pest detection and control systems in those two states. For the 12-month period ending August 1996, U.S. fruit and vegetable exports to Colombia, a significant percentage of which originated in California and Florida, were valued at \$7.3 million.

Mexico and the United States Reach Accord on Tomatoes

On October 11, the Department of Commerce announced that it had reached a proposed agreement with Mexican tomato growers that settles the ongoing antidumping investigation of fresh tomatoes from Mexico. Under terms of the agreement, Mexican exporters agreed not to sell tomatoes in the U.S. market at prices that suppress U.S. prices.

The agreement provides the mechanism by which normal values and reference prices are determined, and the manner in which these will be used to ensure compliance. The agreement resolves an antidumping petition filed by U.S. tomato growers last April, seeking relief from Mexican tomato imports. The Commerce Department had been scheduled to release its preliminary determination on dumping on October 8. This was delayed in order to allow the Department of Commerce an opportunity to negotiate with Mexican exporters. This resulted in a resolution of the issue through the suspension agreement. U.S. imports of Mexican tomatoes in 1995 increased nearly 60 percent over 1994.

Brazil Food Show Generates U.S. Exports Of Consumer Foods

USDA sponsored the first U.S. food show in Sao Paulo, Brazil, on August 26-28, 1996. The event featured 50 American food and beverage companies, which introduced almost 200 new products to this burgeoning market. Exhibitors reported making an average of 7 serious business contacts during the event, which attracted 1,400 trade-only attendees. Based on data provided by exhibitors, USDA estimates that the show will facilitate \$11.9 million in new export sales to Brazil during the next 12 months.

Because the Brazilian Government traditionally has insulated its domestic food industry from foreign competition, most Brazilian consumers are not familiar with U.S. consumer-oriented agricultural products. However, U.S. exports of agricultural products to Brazil are up markedly following the implementation in 1994 of the Government's economic stabilization program, which featured trade policy reforms that opened the Brazilian market. Brazilian supermarkets are aggressively adding imported foods to their food marketing strategies in what has become an increasingly competitive environment.

US Exports of Agricultural, Fish & Wood Products to All Countries

Calendar Years 1991 to 1996 and Year-to-Date Comparisons (\$1,000)

| Product | Calendar Years | | | | | January-August | | % Chg |
|--|----------------|------------|-------------|------------|--------------|----------------|------------|--------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1995 | 1996 | |
| Bulk Agricultural Total | 18,348,386 | 19,687,248 | 18,593,458 | 18,951,466 | 26,018,597 | 10,891,526 | 13,165,685 | 20.9% |
| Wheat | 3,292,138 | 4,449,324 | 4,664,582 | 4,056,007 | 5,447,333 | 1,880,561 | 2,676,566 | 42.3% |
| Coarse Grains | 5,722,597 | 5,736,599 | 5,000,598 | 4,731,925 | 8,152,928 | 2,997,271 | 4,428,443 | 47.7% |
| Rice | 753,557 | 726,072 | 771,312 | 1,010,548 | 997,833 | 406,493 | 427,130 | 5.1% |
| Soybeans | 3,956,443 | 4,380,402 | 4,598,746 | 4,330,427 | 5,400,038 | 2,372,944 | 2,952,935 | 24.4% |
| Cotton | 2,491,999 | 2,010,338 | 1,540,678 | 2,676,263 | 3,713,889 * | 2,198,192 | 1,709,245 | -22.2% |
| Tobacco | 1,427,631 | 1,650,559 | 1,306,067 | 1,302,745 | 1,399,863 | 688,787 | 643,450 | -6.6% |
| Pulses | 268,414 | 191,656 | 213,254 | 280,649 | 264,153 | 96,318 | 93,031 | -3.4% |
| Peanuts | 180,304 | 240,308 | 204,576 | 187,552 | 266,243 | 106,321 | 91,526 | -13.9% |
| Other Bulk Commodities | 255,304 | 301,989 | 293,645 | 375,352 | 376,318 | 144,639 | 143,359 | -0.9% |
| Intermediate Agricultural Total | 8,789,224 | 9,231,134 | 8,973,466 | 9,749,696 | 10,992,075 * | 4,885,449 | 4,642,804 | -5.0% |
| Wheat Flour | 184,256 | 184,317 | 205,729 | 211,248 | 236,368 | 117,619 | 52,650 | -55.2% |
| Soybean Meal | 1,155,307 | 1,294,722 | 1,132,041 | 958,920 | 1,074,516 | 512,068 | 597,819 | 16.7% |
| Soybean Oil | 222,126 | 376,202 | 363,897 | 525,077 | 694,080 | 454,683 | 130,274 | -71.3% |
| Other Vegetable Oils | 418,144 | 502,732 | 543,897 | 671,187 | 921,440 * | 400,123 | 386,638 | -3.4% |
| Feeds & Fodders (excl. pet foods) | 1,605,732 | 1,722,327 | 1,744,163 | 1,738,454 | 1,902,403 * | 790,520 | 884,730 | 11.9% |
| Live Animals | 686,563 * | 607,891 | 518,927 | 587,352 | 519,242 | 166,336 | 176,839 | 6.3% |
| Hides & Skins | 1,357,570 | 1,326,054 | 1,268,658 | 1,507,616 | 1,727,629 | 744,055 | 702,464 | -5.6% |
| Animal Fats | 426,824 | 515,214 | 501,702 | 598,546 | 788,703 * | 356,861 | 281,266 | -21.2% |
| Planting Seeds | 671,655 | 675,011 | 619,359 | 648,614 | 666,360 | 316,965 | 344,118 | 8.6% |
| Sugars, Sweeteners & Bever. Bases | 634,101 | 573,921 | 567,807 | 656,761 | 629,634 | 276,233 | 275,030 | -0.4% |
| Other Intermediate Products | 1,426,946 | 1,452,744 | 1,507,288 | 1,645,921 | 1,831,699 * | 749,986 | 810,976 | 8.1% |
| Consumer-Oriented Agricultural Total | 11,967,920 | 13,895,994 | 14,911,316 | 16,988,134 | 18,787,618 * | 7,280,767 | 8,223,329 | 12.9% |
| Snack Foods (excluding nuts) | 633,040 | 829,679 | 1,024,643 | 1,101,668 | 1,049,207 | 386,236 | 446,223 | 15.5% |
| Breakfast Cereals & Pancake Mix | 216,802 | 219,762 | 252,993 | 291,979 | 275,239 | 105,824 | 130,246 | 23.1% |
| Red Meats, Chilled/Frozen | 2,660,267 | 3,112,361 | 3,055,222 | 3,383,394 | 4,162,666 * | 1,574,916 | 1,967,279 | 24.9% |
| Red Meats, Prepared/Preserved | 165,101 | 181,562 | 220,038 | 253,621 | 283,988 * | 99,203 | 139,238 | 40.4% |
| Poultry Meat | 817,913 | 928,464 | 1,100,613 | 1,570,414 | 2,025,713 * | 745,520 | 940,493 | 26.2% |
| Dairy Products | 462,956 | 793,754 | 857,487 * | 753,257 | 796,750 | 319,779 | 320,222 | 0.1% |
| Eggs & Products | 143,367 | 139,234 | 139,438 | 164,653 | 170,719 | 63,702 | 84,176 | 32.1% |
| Fresh Fruit | 1,561,053 | 1,683,344 | 1,707,147 | 1,953,767 | 1,972,864 * | 750,706 | 772,695 | 2.9% |
| Fresh Vegetables | 832,935 | 899,624 | 985,953 | 1,046,789 | 1,068,572 * | 537,169 | 449,236 | -16.4% |
| Processed Fruit & Vegetables | 1,394,490 | 1,558,121 | 1,639,583 | 1,720,891 | 1,906,561 * | 770,417 | 766,184 | -0.5% |
| Fruit & Vegetable Juices | 385,414 | 461,017 | 469,517 | 543,013 | 659,043 * | 275,954 | 287,187 | 4.1% |
| Tree Nuts | 867,704 | 928,531 | 998,246 | 1,106,416 | 1,169,129 * | 372,711 | 448,226 | 20.3% |
| Wine and Beer | 315,756 | 369,181 | 379,301 | 532,735 | 648,681 * | 237,707 | 263,298 | 10.8% |
| Nursery Products & Cut Flowers | 201,442 | 201,321 | 209,397 * | 197,985 | 193,300 | 96,204 | 102,081 | 6.1% |
| Pet Foods, Dog/Cat | 329,772 | 399,630 | 497,621 | 577,943 | 630,237 * | 254,157 | 276,177 | 8.7% |
| Other Consumer-Oriented Products | 979,907 | 1,190,410 | 1,374,116 | 1,789,607 | 1,774,949 | 690,562 | 830,366 | 20.2% |
| Wood Products Total | 6,429,179 | 6,741,685 | 7,281,313 * | 7,085,787 | 7,245,897 | 3,147,663 | 2,976,589 | -5.4% |
| Logs | 2,074,432 | 2,140,010 | 2,489,560 * | 2,277,981 | 2,287,347 | 1,043,071 | 844,178 | -19.1% |
| Lumber | 2,203,353 | 2,322,491 | 2,449,643 * | 2,428,150 | 2,411,741 | 1,073,639 | 994,848 | -7.3% |
| Plywood & Panel Products | 735,227 | 847,867 | 906,397 | 944,360 | 996,592 * | 434,854 | 415,833 | -4.4% |
| Other Wood Products | 1,416,167 | 1,431,317 | 1,435,714 | 1,435,297 | 1,550,217 * | 596,100 | 721,731 | 21.1% |
| Fish & Seafood Products Total (Edible) | 3,035,383 | 3,353,935 | 2,959,086 | 3,002,265 | 3,138,220 | 1,209,369 | 1,103,881 | -8.7% |
| Salmon, Whole/Eviscerated | 436,975 | 681,663 | 583,060 | 518,413 | 545,283 | 44,969 | 41,144 | -8.5% |
| Salmon, Canned | 133,644 | 154,401 | 160,416 | 161,577 | 174,946 * | 59,651 | 48,650 | -18.4% |
| Crab & Crabmeat | 431,411 | 448,050 | 417,660 | 349,136 | 209,070 | 131,365 | 91,901 | -30.0% |
| Surimi (fish paste) | N/A | 367,627 | 274,322 | 318,850 | 353,433 | 175,499 | 108,356 | -38.3% |
| Roe & Urchin | 389,031 | 421,396 | 415,319 | 408,963 | 505,873 * | 245,879 | 249,867 | 1.6% |
| Other Edible Fish & Seafood Products | 1,644,322 * | 1,280,798 | 1,108,309 | 1,245,325 | 1,349,614 | 552,006 | 563,962 | 2.2% |
| Agricultural Product Total | 39,105,530 | 42,814,376 | 42,478,240 | 45,689,296 | 55,798,290 * | 23,057,742 | 26,031,818 | 12.9% |
| Agricultural, Fish & Wood Product Total | 48,570,092 | 52,909,996 | 52,718,639 | 55,777,348 | 66,182,407 * | 27,414,774 | 30,112,288 | 9.8% |

Note: (*) Highest export level since at least 1970; N/A = not available; NA = not applicable.

U.S. Exports of Agricultural, Fish & Forest Products by Major Group

Monthly and Annual Performance Indicators

| Export Values | August | | October-August | | Fiscal Year | | | | | |
|-------------------------------------|-----------------|---------------|-----------------|----------------|-----------------------|------------|----------------|--------------|--------------|------------|
| | 1995 | 1996 | FY '95 | FY '96 | 1995 | 1996(f) | 1997(p) | | | |
| | -- \$Billion -- | Chg | -- \$Billion -- | Chg | ----- \$Billion ----- | Chg | | | | |
| Grains and Feeds 1/ | 1.732 | 1.818 | 5% | 15.697 | 19.934 | 27% | 17.637 | 21.8 | 18.7 | -14% |
| Wheat & Flour | 0.579 | 0.801 | 38% | 4.578 | 6.356 | 39% | 5.201 | 6.9 | 4.8 | -30% |
| Rice | 0.085 | 0.072 | -15% | 0.978 | 0.911 | -7% | 1.050 | 1.1 | 0.9 | -18% |
| Coarse Grains 2/ | 0.739 | 0.608 | -18% | 6.511 | 8.816 | 35% | 7.411 | 9.5 | 8.6 | -9% |
| Corn | 0.665 | 0.521 | -22% | 5.810 | 7.932 | 37% | 6.619 | 8.5 | 7.6 | -11% |
| Feeds & Fodders | 0.208 | 0.202 | -3% | 2.287 | 2.433 | 6% | 2.511 | 2.8 | 2.9 | 4% |
| Oilseeds and Products | 0.575 | 0.692 | 20% | 8.403 | 9.072 | 8% | 9.119 | 9.6 | 10.4 | 8% |
| Soybeans | 0.301 | 0.432 | 44% | 4.815 | 5.964 | 24% | 5.274 | 6.2 | 6.7 | 8% |
| Soybean Cakes & Meals | 0.072 | 0.122 | 70% | 0.998 | 1.201 | 20% | 1.079 | 1.2 | 1.3 | 8% |
| Soybean Oil | 0.034 | 0.007 | -79% | 0.784 | 0.256 | -67% | 0.809 | 0.3 | 0.5 | 67% |
| Other Vegetable Oils | 0.083 | 0.063 | -24% | 0.867 | 0.773 | -11% | 0.918 | N/A | N/A | N/A |
| Livestock Products | 0.689 | 0.614 | -11% | 7.131 | 7.492 | 5% | 7.831 | 8.7 | 9.3 | 7% |
| Beef, Pork & Variety Meats | 0.395 | 0.323 | -18% | 3.652 | 4.065 | 11% | 4.038 | 4.7 | 5.1 | 9% |
| Hides, Skins & Furs | 0.139 | 0.142 | 2% | 1.589 | 1.539 | -3% | 1.738 | 1.7 | 1.7 | 0% |
| Poultry Products | 0.198 | 0.274 | 38% | 2.018 | 2.489 | 23% | 2.210 | 2.7 | 2.9 | 7% |
| Poultry Meat | 0.168 | 0.243 | 44% | 1.700 | 2.145 | 26% | 1.867 | N/A | N/A | N/A |
| Dairy Products | 0.077 | 0.048 | -37% | 0.725 | 0.672 | -7% | 0.789 | 0.7 | 0.5 | -29% |
| Unmanufactured Tobacco | 0.073 | 0.085 | 16% | 1.254 | 1.302 | 4% | 1.329 | 1.4 | 1.4 | 0% |
| Cotton and Linters | 0.135 | 0.100 | -26% | 3.396 | 2.961 | -13% | 3.496 | 3.1 | 2.4 | -23% |
| Planting Seeds | 0.037 | 0.042 | 15% | 0.635 | 0.677 | 7% | 0.680 | 0.7 | 0.7 | 0% |
| Horticultural Products | 0.708 | 0.718 | 1% | 8.390 | 8.569 | 2% | 9.110 | 9.3 | 9.8 | 5% |
| Sugar & Tropical Products | 0.161 | 0.185 | 15% | 1.767 | 1.858 | 5% | 1.940 | 2.0 | 2.0 | 0% |
| Forest Products 4/ | 0.570 | 0.628 | 10% | 6.777 | 6.446 | -5% | 7.335 | N/A | N/A | N/A |
| Fish and Seafood Products 4/ | 0.284 | 0.270 | -5% | 2.804 | 2.624 | -6% | 3.172 | N/A | N/A | N/A |
| Total Agriculture | 4.384 | 4.576 | 4% | 49.414 | 55.027 | 11% | 54.141 | 60.0 | 58.0 | -3% |
| Total Aq., Fish & Forest | 5.238 | 5.474 | 5% | 58.995 | 64.096 | 9% | 64.648 | N/A | N/A | N/A |
| Export Volumes | ---- MMT---- | Chg | ---- MMT---- | Chg | ----- MMT----- | Chg | | | | |
| Grains and Feeds 1/ | 10.909 | 8.484 | -22% | 106.406 | 102.353 | -4% | 118.626 | N/A | N/A | N/A |
| Wheat | 3.255 | 3.965 | 22% | 28.575 | 30.317 | 6% | 32.094 | 32.0 | 25.0 | -22% |
| Wheat Flour | 0.147 | 0.032 | -78% | 1.140 | 0.411 | -64% | 1.184 | 0.5 | 1.0 | 100% |
| Rice | 0.267 | 0.185 | -31% | 3.551 | 2.579 | -27% | 3.767 | 3.0 | 2.3 | -23% |
| Coarse Grains 2/ | 5.896 | 3.266 | -45% | 58.608 | 55.583 | -5% | 65.670 | 61.1 | 58.0 | -5% |
| Corn | 5.327 | 2.785 | -48% | 52.288 | 50.137 | -4% | 58.645 | 55.0 | 51.5 | -6% |
| Feeds & Fodders | 1.147 | 0.847 | -26% | 12.295 | 11.258 | -8% | 13.483 | 12.9 | 13.0 | 1% |
| Oilseeds and Products | 2.004 | 2.074 | 3% | 31.497 | 29.052 | -8% | 34.050 | 30.8 | 30.8 | 0% |
| Soybeans | 1.270 | 1.431 | 13% | 21.660 | 21.240 | -2% | 23.584 | 22.4 | 22.3 | -0% |
| Soybean Cakes & Meals | 0.406 | 0.466 | 15% | 5.676 | 5.053 | -11% | 6.094 | 5.3 | 5.2 | -2% |
| Soybean Oil | 0.050 | 0.013 | -74% | 1.180 | 0.424 | -64% | 1.216 | 0.5 | 0.8 | 60% |
| Other Vegetable Oils | 0.118 | 0.088 | -25% | 1.213 | 1.060 | -13% | 1.281 | N/A | N/A | N/A |
| Livestock Products 3/ | 0.314 | 0.247 | -21% | 3.382 | 3.565 | 5% | 3.688 | N/A | N/A | N/A |
| Beef, Pork & Variety Meats | 0.123 | 0.108 | -12% | 1.138 | 1.313 | 15% | 1.256 | 1.5 | 1.6 | 7% |
| Poultry Products 3/ | 0.177 | 0.240 | 36% | 1.777 | 2.193 | 23% | 1.943 | N/A | N/A | N/A |
| Poultry Meat | 0.173 | 0.234 | 35% | 1.737 | 2.145 | 23% | 1.901 | 2.3 | 2.5 | 9% |
| Dairy Products 3/ | 0.043 | 0.029 | -33% | 0.403 | 0.419 | 4% | 0.440 | N/A | N/A | N/A |
| Unmanufactured Tobacco | 0.010 | 0.014 | 32% | 0.186 | 0.206 | 11% | 0.197 | N/A | N/A | N/A |
| Cotton & Linters | 0.076 | 0.059 | -22% | 2.010 | 1.662 | -17% | 2.068 | 1.7 | 1.5 | -12% |
| Planting Seeds | 0.033 | 0.039 | 15% | 0.458 | 0.610 | 33% | 0.541 | N/A | N/A | N/A |
| Horticultural Products 3/ | 0.476 | 0.528 | 11% | 6.512 | 6.554 | 1% | 7.001 | 7.1 | 7.5 | 6% |
| Sugar & Tropical Products 3/ | 0.107 | 0.114 | 7% | 1.025 | 1.058 | 3% | 1.104 | N/A | N/A | N/A |
| Total Agriculture 3/ | 14.150 | 11.826 | -16% | 153.657 | 147.673 | -4% | 169.660 | 160.0 | 150.5 | -6% |

Notes: 1/ Includes pulses, corn gluten feed and meal; 2/ includes corn, oats, barley, rye and sorghum; 3/ includes only those items measured in metric tons; 4/ items not included in agricultural product totals. N/A = not available.

FY 1996 forecasts (f) are based on USDA's "Outlook for Agricultural Exports," published August 29, 1996.

U.S. Agricultural Export Value by Region

Monthly and Annual Performance Indicators

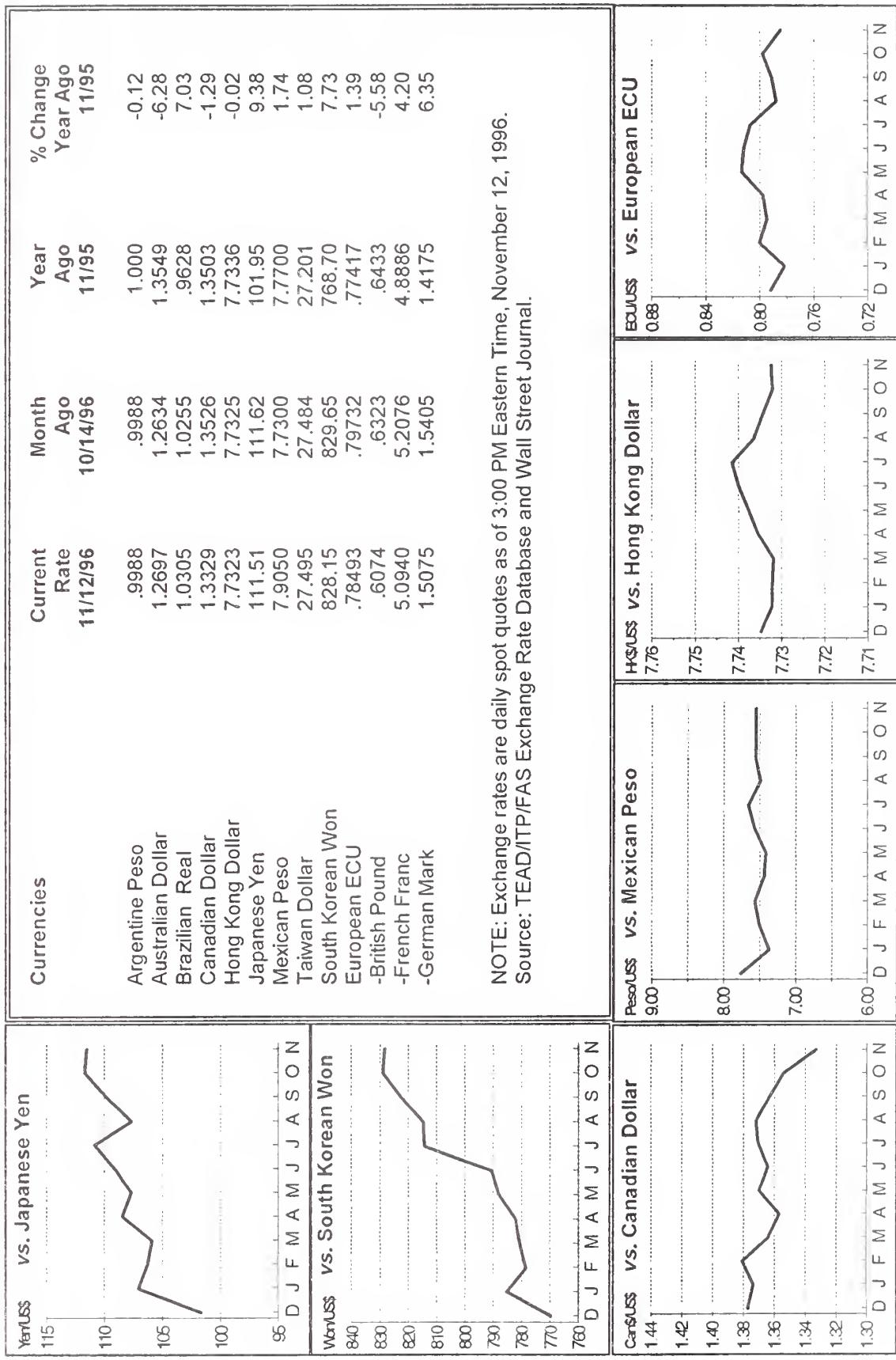
| | August | | | October-August | | | Fiscal Year | | |
|-------------------------------------|-----------------|-------|-------|-----------------|--------|------|-----------------|---------|------|
| | 1995 | 1996 | Chg | FY '95 | FY '96 | Chg | 1995 | 1996(f) | Chg |
| | -- \$Billion -- | | | -- \$Billion -- | | | -- \$Billion -- | | |
| Western Europe | 0.581 | 0.511 | -12% | 7.903 | 8.570 | 8% | 8.606 | 9.5 | 10% |
| European Union 1/ | 0.562 | 0.475 | -15% | 7.599 | 8.237 | 8% | 8.256 | 9.1 | 10% |
| Other Western Europe | 0.019 | 0.036 | 87% | 0.304 | 0.333 | 9% | 0.350 | 0.4 | 14% |
| Central & Eastern Europe | 0.015 | 0.018 | 19% | 0.259 | 0.355 | 37% | 0.283 | 0.4 | 41% |
| Former Soviet Union | 0.123 | 0.178 | 45% | 1.049 | 1.529 | 46% | 1.158 | 1.6 | 38% |
| Russian Federation | 0.093 | 0.124 | 33% | 0.835 | 1.135 | 36% | 0.911 | 1.3 | 43% |
| Asia | 1.864 | 1.935 | 4% | 21.846 | 24.054 | 10% | 23.979 | 26.9 | 12% |
| Japan | 0.869 | 0.932 | 7% | 9.548 | 10.924 | 14% | 10.447 | 12.2 | 17% |
| China | 0.178 | 0.114 | -36% | 2.227 | 1.765 | -21% | 2.413 | 2.0 | -17% |
| Other East Asia | 0.567 | 0.655 | 16% | 6.858 | 7.565 | 10% | 7.562 | 8.3 | 10% |
| Taiwan | 0.173 | 0.242 | 40% | 2.312 | 2.729 | 18% | 2.552 | 2.9 | 14% |
| South Korea | 0.281 | 0.289 | 3% | 3.235 | 3.454 | 7% | 3.576 | 3.9 | 9% |
| Hong Kong | 0.112 | 0.123 | 10% | 1.303 | 1.381 | 6% | 1.425 | 1.5 | 5% |
| Other Asia | 0.250 | 0.233 | -6% | 3.212 | 3.800 | 18% | 3.558 | 4.4 | 24% |
| Pakistan | 0.003 | 0.038 | 1002% | 0.351 | 0.338 | -4% | 0.389 | 0.3 | -23% |
| Philippines | 0.056 | 0.054 | -4% | 0.607 | 0.819 | 35% | 0.675 | 0.9 | 33% |
| Middle East | 0.214 | 0.227 | 6% | 2.227 | 2.345 | 5% | 2.404 | 2.6 | 8% |
| Israel | 0.048 | 0.055 | 13% | 0.427 | 0.585 | 37% | 0.452 | 0.7 | 55% |
| Saudi Arabia | 0.022 | 0.055 | 156% | 0.427 | 0.537 | 26% | 0.479 | 0.6 | 25% |
| Africa | 0.256 | 0.286 | 12% | 2.581 | 2.684 | 4% | 2.806 | 3.0 | 7% |
| North Africa | 0.170 | 0.211 | 24% | 1.826 | 1.871 | 2% | 1.972 | 2.1 | 6% |
| Egypt | 0.135 | 0.142 | 5% | 1.180 | 1.261 | 7% | 1.294 | 1.5 | 16% |
| Algeria | 0.025 | 0.012 | -52% | 0.434 | 0.289 | -33% | 0.440 | 0.3 | -32% |
| Sub-Saharan Africa | 0.086 | 0.075 | -12% | 0.755 | 0.813 | 8% | 0.833 | 0.9 | 8% |
| Latin America | 0.768 | 0.871 | 13% | 7.353 | 9.085 | 24% | 8.101 | 9.8 | 21% |
| Mexico | 0.357 | 0.441 | 24% | 3.354 | 4.640 | 38% | 3.700 | 5.0 | 35% |
| Other Latin America | 0.411 | 0.430 | 4% | 3.998 | 4.445 | 11% | 4.401 | 4.8 | 9% |
| Brazil | 0.029 | 0.079 | 177% | 0.593 | 0.516 | -13% | 0.638 | 0.4 | -37% |
| Venezuela | 0.047 | 0.038 | -18% | 0.452 | 0.415 | -8% | 0.493 | 0.4 | -19% |
| Canada | 0.463 | 0.474 | 2% | 5.359 | 5.394 | 1% | 5.830 | 5.8 | -1% |
| Oceania | 0.044 | 0.040 | -8% | 0.512 | 0.420 | -18% | 0.563 | 0.4 | -29% |
| World Total | 4.384 | 4.576 | 4% | 49.417 | 55.029 | 11% | 54.143 | 60.0 | 11% |

Note: 1/ EU-15 includes the newest member states of Austria, Finland and Sweden.

FY 1996 forecasts (f) are based on USDA's "Outlook for U.S. Agricultural Exports," published August 29, 1996.

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